

December 2, 2019

VIA ELECTRONIC MAIL ONLY

muratore.kim@epa.gov

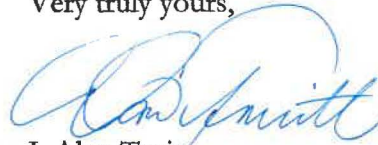
Ms. Kim Muratore, Case Developer
U.S. EPA, Region 9
75 Hawthorne St.
San Francisco, CA 94105

Re: McWane, Inc.'s Response to CERCLA Section 104(e) Information Request
Orange County North Basin Study Area, Orange County, California

Dear Ms. Muratore:

Attached please find McWane, Inc.'s Response to EPA's CERCLA Section 104(e) Information Request regarding the Facility located at 800 E. Orangethorpe Avenue, Anaheim, California. Also attached are documents referenced in the Response and Bates-labeled "McWane 00001 – 00127." Any questions or other correspondence regarding the Information Request or McWane's Response may be directed to my attention.

Very truly yours,



J. Alan Truitt

**MCWANE, INC.'S RESPONSE TO THE EPA'S SECTION 104(e)
INFORMATION REQUEST REGARDING THE FACILITY LOCATED AT 800
E. ORANGETHORPE AVENUE IN ANAHEIM, CALIFORNIA**

McWane, Inc., on behalf of itself and its unincorporated division anaco (hereinafter referred to as "McWane") responds to the CERCLA Section 104(e) Request for Information Letter for the facility located at 800 E. Orangethorpe Avenue in Anaheim, California (the "Facility") dated October 28, 2019 and received October 31, 2019 ("Request for Information") as follows:

PRELIMINARY STATEMENT

McWane is not now nor has it ever been an owner or operator of the Facility and has no responsibility for liabilities, if any, related to the Facility. McWane objects to and disputes any characterization of it separately or collectively with Anaheim Foundry Company as the "Company" that owned or operated or was in any other way responsible for the Facility. As explained herein, an unrelated corporate entity, Carcore, Inc., purchased all of the stock of the corporate entity formerly known as Anaheim Foundry Company from Ransom Industries, LP pursuant to a Stock Purchase Agreement dated December 4, 2000. Pursuant to that Agreement, all liabilities associated with Anaheim Foundry Company, except as expressly retained by Ransom Industries, LP, remained with Carcore, Inc., f/k/a Anaheim Foundry Company.

Pursuant to a Purchase Agreement dated August 26, 1996 Ransom Industries, Inc., a subsidiary of McWane, purchased all of the shares of stock of Anaheim Foundry Company from the Sills family. A true and correct copy of that Purchase Agreement is produced herewith and Bates-labeled "McWane 00001 – 00063." Prior to the purchase, Anaheim Foundry Company had manufactured cast iron drain, waste and vent pipe (also known as "soil pipe") at its foundry located at 125 Commercial Street, Anaheim, California. Anaheim Foundry Company also manufactured couplings under the "anaco" brand name at the Facility located at 800 E. Orangethorpe Avenue, Anaheim, California. On information and belief, Anaheim Foundry Company leased the Facility from the Sills family. See Purchase Agreement, Section 7.2.11. Almost immediately after the closing of the purchase of its stock, Anaheim Foundry Company shut down its foundry and discontinued the manufacture of soil pipe. Anaheim Foundry Company continued the couplings operation at the Facility.

On January 21, 1997, a Certificate of Amendment was filed with the Secretary of State of California pursuant to which the corporate name of Anaheim Foundry Company was changed to "anaco." A true and correct copy of that Certificate of Amendment is produced herewith and Bates-labeled "McWane 00064 - 00066."

On or about September, 1997, anaco (formerly known as Anaheim Foundry Company) moved its coupling operations from the Facility in Anaheim, California to another location in Corona, California. On information and belief, the Sills family continued to own the Facility located in Anaheim, California.

Pursuant to an Asset Acquisition Agreement dated December 15, 1997, Ransom Industries, Inc. purchased substantially all of the assets related to the couplings business in Corona, California from anaco. A true and correct copy of that Asset Acquisition Agreement

is produced herewith and Bates-labeled "McWane 00067 - 00105." The assets were conveyed free and clear of all liabilities except for the Assumed Liabilities identified on Schedule 1.3 to the Agreement. No liabilities associated with the Facility were identified on Schedule 1.3.

Pursuant to a Stock Purchase Agreement dated December 4, 2000, Ransom Industries, LP (a successor to Ransom Industries, Inc.) sold all of the stock in the corporate entity then known as anaco (formerly known as Anaheim Foundry Company) to KBI Investment I and Kinsbursky Bros. Supply, Inc. (collectively, "KBI"). A true and correct copy of that Stock Purchase Agreement is produced herewith and Bates-labeled "McWane 00106 - 00126." Section 1(c) of the Stock Purchase Agreement made specific reference to the liabilities retained by Ransom Industries, LP pursuant to the Asset Acquisition Agreement dated December 15, 1997 and made express that no other liabilities were being retained by Ransom Industries, LP as a result of that Stock Purchase Agreement. Footnote 1 of the Stock Purchase Agreement provided that the name "anaco" would be retained by Ransom Industries LP and a new name acceptable to KBI would be selected for the corporation prior to the closing of the transaction. Pursuant to that provision, on March 6, 2001, the corporate name of anaco was changed to "Carcore, Inc." Any liabilities associated with the Facility thus remained with Carcore, Inc. (formerly known as anaco and prior to that as Anaheim Foundry Company).

Effective July 1, 2004, Ransom Industries, LP was merged into McWane. Since that date, the couplings manufacturing operations in Corona, California have been conducted as an unincorporated division of McWane.

GENERAL OBJECTIONS AND STATEMENTS OF LIMITATIONS

1. McWane's response to the Request for Information is limited to information concerning the "Facility" as that term is defined in the Request for Information.
2. McWane's response to the Request for Information is limited to those documents and information known by McWane's officers, agents, or employees or in its possession or control.
3. McWane's response to the Request for Information is based on information that it possesses at this time, a review to determine the existence of responsive documents, if any, consistent with the limitations stated herein and within its custody at this time, and those documents, if any, that were located after a reasonable search of its records.
4. McWane reserves the right to supplement any response with additional information as it becomes available.

RESPONSES TO INFORMATION REQUEST

Request No. 1: State the full legal name, address, telephone number, email address, and position(s) held by any individual answering any of these questions on behalf of McWane, Inc. (d/b/a, Anaco).

McWane's Response: McWane incorporates by reference its Preliminary Statement and its General Objections and Statements of Limitations. McWane is responding to this Request on its own behalf, with the assistance of counsel, with input from Bill Kenney and Charlie Nowlin. Mr. Kenney is the General Manager of anaco, and Mr. Nowlin is the Chief Financial Officer of McWane, Inc. Mr. Kenney and/or Mr. Nowlin may be contacted through counsel.

Request No. 2: Identify the individuals who are or were responsible for environmental matters at the Anaheim Foundry facility located at 800 E. Orangethorpe Avenue, Anaheim, California (the "Facility") during its operation at this address. Henceforth, the term "Facility" shall be interpreted to include both the real property at 800 E. Orangethorpe Avenue and any improvement thereto. For each individual responsible for environmental matters, provide his/her full name, current or last known address, current or last known telephone number, position titles, and the dates the individual held such positions.

McWane's Response: McWane incorporates by reference its Preliminary Statement and its General Objections and Statements of Limitations. Bill Kenney was first employed by Anaheim Foundry Company in 1987 as its Controller. He became the General Manager of the couplings operations conducted at the Facility in August, 1996, and continued in the same role after those operations were relocated to Corona, California. Based on Mr. Kenney's recollection, Ron Smedley was the environmental, health and safety manager for Anaheim Foundry Company for some period in the 1990s. McWane has no contact information for Mr. Smedley, and Mr. Kenney may be contacted through counsel. Except as so stated, McWane has no information responsive to this request.

Request No. 3: Identify all current and former employees who have knowledge of the Company's operations at the Facility that relate to the creation, use, storage, or disposal of PCE, TCE, 1,1,1-TCA, 1,1-DCE, 1,4-dioxane, or perchlorate. This includes individuals whose job functions included operations which utilized or generated these hazardous substances, or who were responsible for storing/ filling/disposing of hazardous substances and/or wastes containing the above-identified chemicals. For each individual, provide his/her full name, current or last known address, current or last known telephone number, position title, and the dates the individual held such position.

McWane's Response: McWane incorporates by reference its Preliminary Statement and its General Objections and Statements of Limitations. Bill Kenney was first employed by Anaheim Foundry Company in 1987 as its Controller. He became the General Manager of the couplings operations conducted at the Facility in August, 1996, in continued in the same role after those operations were relocated to Corona, California. Mr. Kenney has some knowledge of general plant operations at the Facility but no specific knowledge related to the creation, use, storage, or disposal of PCE, TCE, 1,1,1-TCA, 1,1-DCE, 1,4-dioxane, or perchlorate. Based on Mr. Kenney's recollection, Ron Smedley was the environmental, health and safety manager for Anaheim Foundry Company for some period in the 1990s. McWane has no contact information for Mr. Smedley, and Mr. Kenney may be contacted through counsel. Except as so stated, McWane has no information responsive to this Request.

Request No. 4: Identify all current and former employees who have knowledge of the Company's operations at the Facility that relate to the physical layout of each operational area of the Facility, who could explain the day-to-day flow of the operations, and who know the location of physical features such as clarifiers, degreasers, and above and below ground storage tanks. For each individual, provide his/her full name, current or last known address,

current or last known telephone number, position title, and the dates the individual held such position.

McWane's Response: McWane incorporates by reference its Preliminary Statement and its General Objections and Statements of Limitations. See also Responses 2 and 3 above. Based on a review of its employment records, McWane has compiled a list of current and retired employees who were employed by Anaheim Foundry Company at the Facility in Anaheim, CA for some period of time. The list of these employees is produced herewith and Bates-labeled "McWane 00127."

Request No. 5: Explain the Company's present corporate status (e.g., active, suspended, defunct, merged, dissolved) as well as its operational status (e.g., whether and where business operations are occurring).

McWane's Response: McWane incorporates by reference its Preliminary Statement and its General Objections and Statements of Limitations. McWane's unincorporated division, anaco, has ongoing manufacturing operations in Corona, California and sales across the U.S. See <https://www.anaco-husky.com/about-us/>. McWane objects to this request as overbroad and beyond the scope of the Information Request to the extent it seeks information with respect to McWane's operational status beyond the operation of anaco. Without waiving this objection, see <http://www.mcwane.com/>.

Request No. 6: Provide the date and in which State the Company was incorporated, formed, or organized.

McWane's Response: McWane incorporates by reference its Preliminary Statement and its General Objections and Statements of Limitations. McWane, Inc. was incorporated under the laws of the State of Delaware on September 24, 1949 under the name of McWane Cast Iron Pipe Company. An Amended and Restated Certificate of Incorporation was filed on April 5, 2011, identifying the corporation as McWane, Inc.

Request No. 7: Identify the dates the Company, under any of its current or former business structures, owned and/or operated the Facility.

McWane's Response: McWane incorporates by reference its Preliminary Statement and its General Objections and Statements of Limitations. McWane never owned or operated the Facility.

Request No. 8: Identify the business structure (e.g., sole proprietorship, general partnership, limited partnership, joint venture, or corporation) under which the Company currently exists or operates, and identify each business structure under which it existed or operated while at the Facility location. For each business structure and name under which the Company has existed or operated at the Facility, provide the corresponding dates that it existed or operated under that business structure and name.

McWane's Response: McWane incorporates by reference its Preliminary Statement and its General Objections and Statements of Limitations. McWane never owned or operated the Facility.

Request No. 9: If the Company operated at the Facility as a subsidiary, division, or other business unit of a different corporation, provide this information and identify where it fits into the larger company's structural organization.

McWane's Response: McWane incorporates by reference its Preliminary Statement and its General Objections and Statements of Limitations. McWane never owned or operated the Facility.

Request No. 10: If the Company is now using or has ever used a fictitious business name while operating at the Facility, identify the fictitious names and the owners of each fictitious name.

McWane's Response: McWane incorporates by reference its Preliminary Statement and its General Objections and Statements of Limitations. McWane never owned or operated the Facility.

Request No. 11: If the Company sold the Facility property, provide the date on which the Facility property was sold and the buyer's name. To the extent known, indicate whether you understood that the buyer planned to continue the same or similar business operations at the Facility to that conducted by the Company. To the extent you are aware of any operational changes planned by the buyer regarding operations that involve the use, storage, or disposal of PCE, TCE, 1,1-DCE, 1,1,1-TCA, 1,4-dioxane, or perchlorate (e.g., plans to add or dismantle clarifiers, change the types of solvents being used), include this information.

McWane's Response: McWane incorporates by reference its Preliminary Statement and its General Objections and Statements of Limitations. McWane never owned or operated the Facility. As noted in the Preliminary Statement, on information and belief, the Sills family owned the real property located at 800 E. Orangethorpe Avenue and leased it to Anaheim Foundry Company (now known as Carcore, Inc.).

Request No. 12: If the Facility was previously operated by other parties prior to the Anaheim Foundry Company's operations, describe those previous operations to the extent known. Describe any physical changes made to the Facility over the period of time that the Company operated at the Facility and describe any changes made to operations that either increased or decreased the use or disposal of PCE, TCE, 1,1-DCE, 1,1,1-TCA, 1,4-dioxane, or perchlorate.

McWane's Response: McWane incorporates by reference its Preliminary Statement and its General Objections and Statements of Limitations. McWane has no knowledge of operations at the Facility predating operations by Anaheim Foundry Company.

Request No. 13: For any period of time in which the Company owned the Facility under any of its current or former business structures, provide the name, address, and phone number of any tenants and/or lessees.

McWane's Response: McWane incorporates by reference its Preliminary Statement and its General Objections and Statements of Limitations. McWane never owned or operated the Facility. Except as so stated, McWane has no information responsive to this Request.

Request No. 14: For any period of time in which the Company, under any of its current or former business structures, operated at, but did not own, the Facility, provide the name, address, and phone number of the Facility's owner and/or lessor.

McWane's Response: McWane incorporates by reference its Preliminary Statement and its General Objections and Statements of Limitations. McWane never owned or operated the Facility. See also Response 11 above. Except as so stated, McWane has no information responsive to this Request.

Request No. 15: Describe the size of the Facility, the approximate number of people employed by the Company at the Facility over time, and any products manufactured or services performed at the Facility. Describe any significant change in Facility size, the number of employees, and the products manufactured or services performed over time.

McWane's Response: McWane incorporates by reference its Preliminary Statement and its General Objections and Statements of Limitations. McWane never owned or operated the Facility nor employed anyone at the Facility. Anaheim Foundry Company manufactured couplings at the Facility. After a good faith search of its files, McWane has no documents reflecting the information sought by this Request. Bill Kenney was first employed by Anaheim Foundry Company in 1987 as its Controller. He became the General Manager of the couplings operations conducted at the Facility in August, 1996, and continued in the same role after those operations were relocated to Corona, California. Based on Mr. Kenney's recollection, the Facility was approximately 40,000 square feet in size. Mr. Kenney believes, but cannot be certain, that roughly 100 individuals were employed.

Request No. 16: Provide a map of the Facility showing the locations of significant buildings and features at the time that the Company occupied the Facility. Indicate the locations of any maintenance shops, machine shops, degreasers, clarifiers, plating areas, painting areas, cooling towers, liquid waste tanks, chemical storage tanks, and fuel tanks. Provide a physical description of the Facility and identify the following:

- a. Surface structures (e.g., buildings, tanks, containment areas, storage areas);
- b. Subsurface structures (e.g., underground tanks, sumps, pits, clarifiers);
- c. Past and present stormwater drainage system and sanitary sewer system, including septic tanks and subsurface disposal fields;
- d. Any and all additions, demolitions, or changes of any kind to physical structures on, under, or about the Facility or to the property itself (e.g., excavation work) and the dates on which such changes occurred; and
- e. The location of all waste storage or waste accumulation areas as well as waste disposal areas (e.g., dumps, leach fields, burn pits).

McWane's Response: McWane incorporates by reference its Preliminary Statement and its General Objections and Statements of Limitations. McWane never owned, operated or occupied the Facility. Except as so stated, McWane has no information responsive to this Request.

Request No. 17: Indicate on a map of the Facility or in narrative form each location where any of the following chemicals were used, stored, generated, spilled, or disposed of: PCE, TCE, 1,1-DCE, 1,1,1-TCA, 1,4-dioxane, or perchlorate. Describe any manufacturing or treatment processes in which any of these chemicals were used.

McWane's Response: McWane incorporates by reference its Preliminary Statement and its General Objections and Statements of Limitations. McWane never owned or operated the Facility. Except as so stated, McWane has no information responsive to this Request.

Request No. 18: Provide copies, both originals and updates, of hazardous material business plans and chemical inventory forms submitted to city, county, and/or state agencies for the Facility.

McWane's Response: McWane incorporates by reference its Preliminary Statement and its General Objections and Statements of Limitations. McWane never owned or operated the Facility. Except as so stated, McWane has no information responsive to this Request.

Request No. 19: Provide a list of all chemicals and hazardous substances used at the Facility that contained any of the following: PCE, TCE, 1,1-DCE, 1,1,1-TCA, 1,4-dioxane, or perchlorate.

McWane's Response: McWane incorporates by reference its Preliminary Statement and its General Objections and Statements of Limitations. McWane never owned or operated the Facility. Except as so stated, McWane has no information responsive to this Request.

Request No. 20: For any PCE, TCE, 1,1-DCE, 1,1,1-TCA, 1,4-dioxane, or perchlorate used at or transported to or from the Facility, identify and provide the following information:

- a. The trade or brand name, chemical composition, and quantity used for each chemical or hazardous substance;
- b. The locations where each chemical or hazardous substance is or was used, stored, and disposed of;
- c. The kinds of wastes (e.g., scrap metal, construction debris, motor oil, solvents, waste water), the quantities of wastes, and the methods of disposal for each chemical, waste, or hazardous substance;
- d. The quantity purchased (in gallons) and the time period during which it was used; and
- e. Copies of Material Safety Data Sheets for all hazardous substances used that contain any of these chemicals.

McWane's Response: McWane incorporates by reference its Preliminary Statement and its General Objections and Statements of Limitations. McWane never owned or operated the Facility. Except as so stated, McWane has no information responsive to this Request.

Request No. 21: Provide copies of all investigation and sampling reports containing environmental data or technical or analytical information regarding soil, water, and air conditions at the Facility, including, but not limited to, data or information related to soil contamination, soil sampling, soil gas sampling, geology, groundwater, surface water, and hydrogeology.

- a. State whether the documents provided represent a complete listing of all soil, soil gas and groundwater sampling conducted at the Facility. If you are aware of any other investigations or sampling reports for which the Company does not have a copy, describe the date and type of sampling conducted, and provide information on where EPA might obtain the report and related documents.
- b. State whether the Company is aware of any planned future soil, soil gas, or groundwater sampling at the Facility, and if so, please explain.

McWane's Response: McWane incorporates by reference its Preliminary Statement and its General Objections and Statements of Limitations. McWane never owned or operated the Facility. Except as so stated, McWane has no information responsive to this Request.

Request No. 22: Identify and provide copies of all agency orders, correspondence, and/or workplans that discuss proposed soil, soil gas, and/or groundwater sampling at the Facility for which the sampling was never conducted. Explain to the extent of your knowledge why the proposed sampling was not conducted.

McWane's Response: McWane incorporates by reference its Preliminary Statement and its General Objections and Statements of Limitations. McWane never owned or operated the Facility. Except as so stated, McWane has no information responsive to this Request.

Request No. 23: Provide copies of any due diligence reports or property transfer assessments related to the Facility.

McWane's Response: McWane incorporates by reference its Preliminary Statement and its General Objections and Statements of Limitations. McWane never owned or operated the Facility. Except as so stated, McWane has no information responsive to this Request.

Request No. 24: Identify, and provide the following information for, all groundwater wells located at the Facility:

- a. A map with the specific locations of the groundwater wells;
- b. Dates of well construction;
- c. Depth to groundwater, depth of well, and depth to and of screened intervals;
- d. Uses of each well;
- e. Date each well was abandoned, if applicable;
- f. Date each well was sampled;
- g. All constituents analyzed for during groundwater sampling events; and
- h. All groundwater sampling results, reports of findings, and analytical data.

McWane's Response: McWane incorporates by reference its Preliminary Statement and its General Objections and Statements of Limitations. McWane never owned or operated the Facility. Except as so stated, McWane has no information responsive to this Request.

Request No. 25: Provide copies of any applications for permits or permits received for the Facility under any local, state, or federal environmental laws and regulations, including any waste discharge permits (e.g., national pollutant discharge elimination system (NPDES) permits).

McWane's Response: McWane incorporates by reference its Preliminary Statement and its General Objections and Statements of Limitations. McWane never owned or operated the Facility. Except as so stated, McWane has no information responsive to this Request.

Request No. 26: For each waste stream generated at the Facility, describe the procedures for (a) collection, (b) storage, (c) treatment, (d) transport, and (e) disposal of the waste stream.

McWane's Response: McWane incorporates by reference its Preliminary Statement and its General Objections and Statements of Limitations. McWane never owned or operated the Facility. Except as so stated, McWane has no information responsive to this Request.

Request No. 27: If the Company discharged any of its waste stream at the Facility to the sewer, provide copies of all permits and all analyses performed on discharged water, and identify all locations where waste streams were discharged.

McWane's Response: McWane incorporates by reference its Preliminary Statement and its General Objections and Statements of Limitations. McWane never owned or operated the Facility. Except as so stated, McWane has no information responsive to this Request.

Request No. 28: Provide a detailed description of all pre-treatment procedures performed on waste streams at the Facility prior to transport to a disposal site.

McWane's Response: McWane incorporates by reference its Preliminary Statement and its General Objections and Statements of Limitations. McWane never owned or operated the Facility. Except as so stated, McWane has no information responsive to this Request.

Request No. 29: Describe the method used by the Company to remove waste streams from sumps at the Facility.

McWane's Response: McWane incorporates by reference its Preliminary Statement and its General Objections and Statements of Limitations. McWane never owned or operated the Facility. Except as so stated, McWane has no information responsive to this Request.

Request No. 30: Identify all wastes stored at the Facility prior to shipment for disposal. Describe the storage procedures for each waste stored.

McWane's Response: McWane incorporates by reference its Preliminary Statement and its General Objections and Statements of Limitations. McWane never owned or operated the Facility. Except as so stated, McWane has no information responsive to this Request.

Request No. 31: Identify all leaks, spills, or other releases into the environment of any hazardous substances or pollutants or contaminants that have occurred at or from the Facility. Identify and provide supporting documentation of:

- a. The date each release occurred;
- b. The cause of each release;
- c. The amount of each hazardous substance, waste, or pollutant or contaminant released during each release;
- d. Where each release occurred and what areas were impacted by the release; and
- e. Any and all activities undertaken in response to each release, including the notification of any local, state, or federal government agencies about the release.

McWane's Response: McWane incorporates by reference its Preliminary Statement and its General Objections and Statements of Limitations. McWane never owned or operated the Facility. Except as so stated, McWane has no information responsive to this Request.

Request No. 32: Provide copies of any correspondence with local, state, or federal authorities concerning the use, handling, or disposal of PCE, TCE, 1,1,1-TCA, 1,1-DCE, 1,4-dioxane, or perchlorate at the Facility, including but not limited to any correspondence concerning any of the releases identified in response to the previous question.

McWane's Response: McWane incorporates by reference its Preliminary Statement and its General Objections and Statements of Limitations. McWane never owned or operated the Facility. Except as so stated, McWane has no information responsive to this Request.

Request No. 33: Research indicates that in approximately 1996, McWane, Inc. acquired the Anaheim Foundry. Describe the corporate or other relationship between McWane, Inc. (d/b/a, Anaco) and the Anaheim Foundry Company (later renamed "Anaco" in 1997). Provide detailed information on the date that McWane, Inc. or any of its predecessors acquired the Anaheim Foundry, the form of the transaction (e.g., asset purchase, stock purchase), and provide executed copies of the documents effecting the transaction, including all agreements, provisions and attachments relating to the transfer and assumption of environmental liabilities associated with the Facility and the Anaheim Foundry Company.

McWane's Response: McWane incorporates by reference its Preliminary Statement and its General Objections and Statements of Limitations. McWane further objects to the Request in that it is based on the incorrect predicate that "McWane, Inc. acquired the Anaheim Foundry." McWane never owned or operated the Facility.

PURCHASE AGREEMENT

by and among

Ransom Industries, Inc., an Alabama corporation, as the purchaser

and

PRVY-Controlled/Privacy as Trustee of the
PRVY-Controlled/Privacy as
Trustees of the **PRVY-Controlled/Privacy** as
Trustee of the **PRVY-Controlled/Privacy** as the Trustee of the **PRVY-Controlled/Privacy**
PRVY-Controlled/Privacy as the sellers

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PURCHASE AGREEMENT

This Purchase Agreement (this "Agreement") is made and entered into as of August 26, 1996, by and among Ransom Industries, Inc., a corporation organized under the laws of Alabama ("Buyer"), and each of PRVY-Controlled/Privacy as Trustee of the PRVY-Controlled/Privacy PRVY-Controlled/Privacy as the Trustees of PRVY-Controlled/Privacy as the Trustees of PRVY-Controlled/Privacy Trust, and PRVY-Controlled/Privacy as the Trustee of the PRVY-Controlled/Privacy (individually, the "Seller" and collectively, the "Sellers").

RECITALS

A. There are 12,418 outstanding shares (the "Shares") of Class A Common Stock, par value \$1.00 per share ("Common Stock"), of Anaheim Foundry Company, a California corporation ("Company"). The Sellers collectively own all of the Shares.

B. On the terms and conditions set forth in this Agreement, Buyer desires to purchase and Sellers desire to sell the Shares.

AGREEMENTS

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other valuable consideration, the parties hereto agree as follows:

I. DEFINITIONS

In addition to the definitions set forth above and elsewhere herein, the following words and phrases shall have the following meanings.

"Affiliate" means as to any Person, (i) any other Person directly or indirectly controlling, controlled by or under common control with such Person, (ii) any other Person that owns beneficially, directly or indirectly, 10% or more of the outstanding capital stock, shares or equity interests of such Person, or (iii) any officer, director, employee, general partner or trustee of such Person or of any other Person controlling, controlled by or under common control with such Person (excluding trustees or directors and Persons serving in similar capacities who are not otherwise an Affiliate of such Person).

"Applicable Law" means all applicable provisions of all (i) constitutions, treaties, statutes, laws (including the common law), rules, regulations, ordinances, codes or orders of any Governmental Authority, (ii) Governmental Approvals, and (iii) orders, decisions, injunctions, judgments, awards and decrees of or agreements with any Governmental Authority.

"Assets" means all the property, assets and rights, of any nature, kind and description, of the Company, whether now owned or hereafter acquired prior to the Closing Date, excluding the Excluded Assets which are to be distributed by the Company to the Sellers prior to Closing.

"Business" means the business carried on by the Company consisting of the manufacture, sale and distribution of various varieties of soil pipe, fittings and couplings.

"Claims for Antitrust Legal Expenses" has the meaning assigned in Section 10.17.

"Closing" means the completion of the purchase and sale of the Shares as herein provided.

"Consent" means any consent, approval, authorization, waiver, permit, grant, franchise, concession, agreement, license, exemption or order of, registration, certificate, declaration or filing with, or report or notice to, any Person, including but not limited to any Governmental Authority.

"Contiguous Foundry Property" means the real property having the legal description attached hereto as Exhibit A, a parcel contiguous to the Company's foundry site, encompassing approximately 1 1/3 acres, to be contributed to the Company by one or more of the Sellers prior to the Closing Date.

"Encumbrance" means any encumbrance, lien, charge, pledge, mortgage, title retention agreement, security interest, adverse claim, exception, reservation, easement, right of occupation, any matter capable of registration against title, option, right of preemption, privilege or any agreement, indenture, contract, lease, deed of trust, license, option, instrument or other commitment, whether written or oral, to create any of the foregoing.

"Environmental Laws" means all applicable laws relating to the protection of the environment, to human health and safety, or to any emission, discharge, generation, processing, storage, holding, abatement, existence, release, threatened

(release or transportation of Hazardous Substances, including without limitation, (i) the Comprehensive Environmental Response, Compensation and Liability Act, the Resource Conservation and Recovery Act, and the Occupational Safety and Health Act, as such acts are amended to the Closing Date, (ii) all other requirements pertaining to reporting, licensing, permitting, investigation or remediation of emissions, discharges, releases or threatened releases of Hazardous Substances into the air, surface water, groundwater or land, or relating to the manufacture, processing, distribution, use, sale, treatment, receipt, storage, disposal, transport or handling of Hazardous Substances.

"Environmental Permits" means any federal, state and local permit, license, registration, consent, order, administrative consent order, certificate, approval or other authorization with respect to any environmental matters.

"Excluded Assets" means certain artwork recently acquired by the Company, with an aggregate fair market value of less than \$5,000, to be distributed to the Sellers prior to the Closing Date, and personal furniture located in the office of PRVY-Controlled/Privacy

("800 Building" means the office building located at 800 East Orangethorpe Avenue, Anaheim, CA 92801, owned jointly by the Sellers, situated on the real property having the legal description attached hereto as Exhibit B

"Financial Statements" means the following financial statements provided to the Buyer:

((a) the audited Balance Sheet, Statements of Earnings and Retained Earnings and Statement of Cash Flows, together with the notes thereto, for the Company as at April 30, 1994 and 1995, for the fiscal year then ended, and

(b) the unaudited Balance Sheet, Statements of Earnings and Retained Earnings and Statement Cash Flows for the Company as at April 30, 1996, copies of which are set forth in Schedule 4.12 hereto.

"GAAP" means generally accepted accounting principles and practices in the United States, as consistently applied by the Company.

"Governmental Approval" means any Consent of any Governmental Authority.

("Governmental Authority" means any nation or government, any state or other political subdivision thereof, any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including

without limitation any government authority, agency, department, board, commission or instrumentality of the United States, any State of the United States or any political subdivision thereof, and any tribunal or arbitrator(s) of competent jurisdiction, and any self-regulatory organization.

"H-S-R Act" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

"Hazardous Substances" means any hazardous or toxic substance, material or waste, including, but not limited to, those substances, materials and wastes listed in the United States Department of Transportation Hazardous Materials Table (49 C.F.R. § 172.101) or by the United States Environmental Protection Agency as hazardous substances (40 C.F.R. Part 302 and amendments thereto), petroleum products and their derivatives, and such other substances, materials and wastes as become regulated or subject to cleanup authority under any Environmental Laws.

"Knowledge" means, when used in reference to the knowledge of one of the Sellers, the actual knowledge of the Seller at the time the representation or warranty is made. In addition, if the Seller has information that would have led a reasonable person to doubt the accuracy or truthfulness of the representation or warranty, even though the Seller does not have actual knowledge to that effect, the Seller will have an obligation to conduct a reasonable investigation of the underlying facts and circumstances for purposes of giving the requested representation or warranty, and Seller's knowledge will include information discovered by the Seller as a result of that investigation. Except as provided in the preceding sentence, the Seller will have no obligation to undertake an independent investigation to determine the accuracy or completeness of the facts or other information as to which the knowledge is sought, and will not be imputed to have the knowledge that such an investigation of the underlying facts and circumstances might have disclosed regarding the matters which are the subject of the representation or warranty. The preceding sentence is not intended to prevent a trier of fact from drawing reasonable inferences from existing information available to Sellers, including the files and records of the Company in its corporate office, in determining matters as to which Sellers have knowledge, whether or not Sellers have conducted an independent investigation.

"Lease" means the lease of the 800 Building from the Sellers as the landlord to the Company as the tenant, the execution of which is a condition to the Buyer's obligation to purchase the Sellers' shares in the Company as provided in Section 7.2.11.

"Litigation Reserve" has the meaning assigned in Section 10.17.

"Material Agreements" means (i) any agreement, contract or binding obligation of the Company not cancelable by the Company upon less than 6 months notice, and (ii) any agreement, contract or binding obligation of the Company obligating the Company to make payments of Two Hundred Thousand Dollars (US \$200,000) or more over the remaining life of such agreement, contract or binding obligation

"Noncompetition Agreement" means, with respect to **PRVY-Controlled/Privacy**, the Noncompetition Agreement to be executed by such individual pursuant to Section 7.2.6 of this Agreement, the execution of which is a condition to Buyer's obligation to consummate the purchase of the Shares from the Sellers.

"Person" means any individual, corporation, partnership, joint venture, limited liability company, association, trust or other legal entity.

"Personal Property" means the personal property owned by the Company.

"Real Property" means the real property owned by the Company, which is to be listed in Schedule 4.36.

"Records" means:

(a) all written, machine readable or electronically stored information and data including all books, records, agreements, reports, plans, drawings, papers, accounting and other documents which relate to:

- (i) the creation, acquisition or ownership by Sellers of the Shares,
- (ii) the acquisition, construction, ownership or operation of the Assets by the Company,
- (iii) the conduct of the Business,
- (iv) customer lists, and
- (v) title to the Assets or any predecessor in title, and

(b) all minute books, accounting books and records, tax returns and records and other books, records, agreements, papers, returns, assessments, reassessments and documents, whether written, machine readable or electronically stored, which relate to the incorporation, existence or business activities of the Company.

"Related Documents" means any and all agreements, documents, instruments, certificates, or other written contractual arrangements to which any of the Sellers or Buyer is or will be a party in connection with or for purposes of consummating the transaction contemplated by this Agreement, other than the Agreement.

"Returns" means any return, declaration, report, claim for refund, or information return or statement relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

"Sublease" means the sublease of the Subleased Property from Cecil Sills and Ernie J. Beigel as the sublessor to the Company as the sublessee, the execution of which is a condition to the Buyer's obligation to purchase the Sellers' shares in the Company as provided in Section 7.2.12.

"Subleased Property" means the property leased by PRVY-Controlled/Privacy PRVY-Controlled/Privacy Trustees of the PRVY-Controlled/Privacy PRVY-Controlled/Privacy, as to an undivided 1/2 interest, and PRVY-Controlled/Privacy Trustee of the PRVY-Controlled/Privacy PRVY-Controlled/Privacy as to an undivided 1/2 interest, located at 1301 Edinger Avenue, Tustin, California, pursuant to that certain Lease Agreement last amended by a Third Amendment and Extension of Lease dated as of August 15, 1994, which property is to be subleased by PRVY-Controlled/Privacy to the Company as contemplated by Section 7.2.12.

"Subsidiary" means an entity which is controlled, directly or indirectly, by another Person, meaning that 50% or more of the votes that may be cast to elect directors of the entity are held, other than by way of security only, directly or indirectly, by or for the benefit of that Person.

"Suit" has the meaning assigned in Section 7.2.10.

"Tax" means any federal, state, provincial, local, foreign or other income, alternative, minimum, accumulated earnings, personal holding company, franchise, capital stock, net worth, capital, profits, windfall profits, gross receipts, value added, sales, use, goods and services, excise, customs, duties, transfer, conveyance, mortgage, registration, stamp, documentary, recording, premium, severance, environmental (including taxes under Section 59A of the Internal Revenue Code), real property, personal property, ad valorem, intangibles, rent, occupancy, license, occupational, employment, unemployment, insurance, social security, disability, workers' compensation, payroll, health care, withholding, estimated or other similar tax, duty or other governmental charge or assessment or deficiencies thereof

(including all interest and penalties thereon and additions thereto whether disputed or not).

"Time of Closing" means 5:00 p.m. Pacific time on the date of Closing, such date on which Closing occurs being hereinafter referred to as the "Closing Date".

II. PURCHASE AND SALE OF THE SHARES; EXCLUDED ASSETS

2.1 Purchase and Sale

Subject to the terms and conditions of this Agreement, Buyer agrees to purchase from each Seller, and each Seller, severally but not jointly, agrees to sell to Buyer, the Shares owned by such Seller at Closing.

2.2 Purchase Price

(The total purchase price for the Shares to be sold by Sellers at the Closing, which shall constitute the full consideration therefor, shall be Twenty Three Million Seven Hundred Eighty Six Thousand Nine Hundred and Seven Dollars (US \$23,786,907) (the "Purchase Price"). The Purchase Price shall be allocated among the Sellers in proportion to their respective interests in the Shares and shall be paid to each of the Sellers at the Closing in immediately available funds by wire transfer to the bank account designated by such Seller.

2.3 Purchase of Life Insurance Policy on Sellers

The Company currently owns a life insurance policy ("Life Policy") on the lives of the Sellers with a cash surrender value of approximately Three Hundred Ninety Four Thousand Dollars (US \$394,000). At Closing, Sellers shall purchase the Life Policy for cash in the amount of the cash surrender value thereof, and Buyer shall cause the Company to assign to Sellers, in such manner as Sellers shall designate, such Life Policy to the Sellers, free and clear of any and all Encumbrances created by Buyer.

2.4 Automobiles

(The Company currently owns three automobiles ("Automobiles") which are provided to the Sellers. At Closing, Sellers shall purchase the Automobiles for cash in the amounts provided in Schedule 2.4 hereto, and Buyer shall cause the Company to transfer title to such automobiles, free and clear of any and all Encumbrances created by Buyer, to Sellers in the manner designated by them.

2.5 Allocation of Purchase Price

For federal tax purposes, Sellers and Buyer agree that \$50,000 of the Purchase Price shall be allocated to the Noncompetititon Agreements (referenced in Section 7.2.6) to be executed by the individual Sellers and that the balance of the Purchase Price (i.e., \$23,736,907) shall be allocated to the Shares to be purchased by the Buyer, and each of the parties shall prepare its personal income tax return consistent with this agreement.

III. THE CLOSING

3.1 Closing

The Closing of the purchase and sale of the Shares and the Property shall take place at the offices of Perkins Coie, 1999 Avenue of the Stars, Ninth Floor, Los Angeles, California 90067, or such other place as the parties hereto shall agree, at the Time of Closing.

3.2 Deliveries by Sellers

At Closing, the Sellers shall execute and deliver, or caused to be delivered, to Buyer the following:

- (a) the stock certificates representing all of the Shares to be sold by the Sellers,, duly executed in blank or accompanied by duly executed instruments of transfer;
- (b) cash in the amount of the cash surrender value of the Life Policy determined as of the Closing Date as consideration for the transfer of the Life Policy to the Sellers;
- (c) cash in the amount set forth in Schedule 2.4 for the Automobiles,
- (d) the Lease and the Sublease contemplated by Section 7.2.11 and Section 7.2.12 of this Agreement;
- (e) an opinion of counsel to the Sellers as to the enforceability of their obligations under this Agreement and the Related Documents to which they are a party which is in form and substance satisfactory to Buyer and its counsel;
- (f) the release of claims required by Section 7.2.10;

(g) the Sellers' compliance certificate required by Section 7.2.4 and

(h) all other documents, instruments and writings required to be delivered by the Sellers prior to or at Closing pursuant to this Agreement or otherwise required in connection herewith or as may be reasonably required for the better fulfillment of the terms and conditions of this Agreement.

3.3 Deliveries by Buyer

At Closing, Buyer shall execute and deliver, or cause the Company to execute and deliver, to each of the Sellers the following:

(a) the Purchase Price by wire transfer of immediately available funds to each Seller's account designated to Buyer prior to Closing;

(b) an assignment of the Life Policy to the Sellers as required in Section 2.3, by transfer documents in form and substance satisfactory to Sellers;

(d) a transfer of title to the Automobiles to the Sellers as required in Schedule 2.4, by transfer documents in form and substance satisfactory to Sellers;

(e) the Lease and the Sublease contemplated by Section 7.2.11 and Section 7.2.12 of this Agreement; and

(f) an opinion of counsel to the Buyer and McWane, Inc., the Buyer's parent, as to the enforceability of their respective obligations under this Agreement and the Related Documents to which they are a party which is in form and substance satisfactory to the Sellers and their counsel;

(g) the Buyer's compliance certificate required by Section 7.3.3; and

(h) all other documents, instruments and writings required to be delivered by Buyer prior to or at Closing pursuant to this Agreement or otherwise required in connection herewith or as may be reasonably required for the better fulfillment of the terms and conditions of this Agreement.

IV. REPRESENTATIONS AND WARRANTIES OF SELLERS

Sellers hereby jointly and severally make the following representations and warranties to Buyer, as of the date of this Agreement and as of the Closing Date with regard to the sale of the Shares. Certain of Sellers' representations and warranties contained in this Article IV and elsewhere in this Agreement are made on the basis of

"Sellers' Knowledge," and to that extent are limited by the definition of "Knowledge" contained in this Agreement.

4.1 No Conflicting Interests

The execution and delivery of this Agreement and each and every agreement or document to be executed and delivered hereunder and the consummation of the transactions contemplated herein will not :

(a) violate, be in conflict with, result in a breach of, constitute a default or cause the acceleration of any obligation of such Seller or the Company, under:

- (i) any Material Agreement,
- (ii) the Articles of Incorporation and By-Laws of the Company, or
- (iii) any judgment or decree or, to Sellers' Knowledge, any order, statute, rule or regulation applicable to such Seller or the Company;

(b) result in the creation of any Encumbrance upon the Shares, the Company or the Assets under any such agreement or instrument;

(c) give to any Person any interest or rights as to the Shares, the Company or the Assets that have not been waived prior to the date hereof, including preferential rights of purchase of any part of the Shares, the Company or any Assets; or

(d) to Sellers' Knowledge, violate any provision of Applicable Law.

4.2 Binding and Enforceable Agreement

This Agreement, and each of the Related Documents to be executed and delivered by the Sellers, have been duly authorized, executed and delivered by each Seller and each such document constitutes a legal, valid and binding obligation of such Seller, enforceable in accordance with its terms, subject to laws of general application relating to bankruptcy, insolvency, reorganization, moratorium, relief of debtors, other laws relating to or affecting the enforcement of creditors' rights, and rules of law governing specific performance, injunctive relief and other equitable remedies and, with respect to the Noncompetition Agreement to be executed by each of the Sellers, subject to such limitations upon enforcement as are applicable under California law.

4.3 Regulatory Approvals to Transactions

To Sellers' Knowledge, no Consents or other action of any Governmental Authority are required for the execution, delivery or performance by the Sellers of this Agreement or the transactions contemplated herein, except (a) as set forth on Schedule 4.3 hereto, and (b) a preacquisition notification report to be made by Buyer under the H-S-R Act.

4.4 Due Incorporation and Organization of the Company

The Company is a corporation duly incorporated and organized, validly existing, and in good standing under the laws of the State of California.

4.5 Corporate Power and Authority

The Company has all necessary corporate power, authority and capacity to own, lease or otherwise hold the Assets and to carry on the Business as presently conducted and is validly qualified wherever necessary under any jurisdiction where it carries on the Business, owns or leases the Assets, except where the failure to be so qualified would not have a material adverse effect on the Company or the Business taken as a whole or any material portion thereof.

4.6 Share Capital of the Company

The authorized capital stock of the Company consists of (i) 100,000 shares of voting Class A Common Stock, par value \$1.00 per share, of which 12,418 Shares are currently issued and outstanding, and such issued and outstanding Shares have been duly and validly authorized and issued by the Company and are fully paid and nonassessable, (ii) 100,000 shares of nonvoting Class B Common Stock, par value \$1.00 per share, of which no shares are currently issued and outstanding, and (iii) 10,000,000 shares of preferred stock, of which no shares are currently issued and outstanding.

4.7 Shareholders of the Company

The Sellers collectively are the beneficial and registered owners of all of the Shares with good and marketable title thereto, free and clear of all Encumbrances and, without limiting the generality of the foregoing, none of such Shares are subject to any voting trust, shareholder agreement or voting agreement.

4.8 Ownership by Buyer

Upon completion of the transactions contemplated by this Agreement, all of the Shares will be owned by the Buyer, or its assignee if an assignment is consummated pursuant to Section 10.10, as the owner of record, free of any Encumbrances other than Encumbrances created by or on account of Buyer and/or such assignee.

4.9 Options or Convertible Securities

No Person has any agreement, option, understanding or commitment for:

(a) the purchase, subscription, allotment or issuance of, or conversion into, any of the unissued shares of the capital stock of the Company or any other securities of the Company;

(b) the purchase from any of the Sellers of any of the Shares; or

(c) the purchase or other acquisition from the Company of any of the Assets other than sales of inventory in the ordinary course of the Business.

4.10 Subsidiaries

The Company does not own any Subsidiaries or shares or any other equity interests in any other Person and is not subject to any agreements of any nature to acquire any Subsidiary or shares or equity interests in any other Person.

4.11 Partnerships or Joint Ventures

The Company is not a partner or participant in any partnership, joint venture, profit-sharing arrangement or other association of any kind and is not party to any agreement under which the Company agrees to carry on any part of the Business or any other activity in such manner or by which the Company agrees to share any revenue or profit with any other Person.

4.12 Financial Statements

To Sellers' Knowledge, the Financial Statements are true and accurate, have been prepared in accordance with GAAP, subject in the case of the unaudited Financial Statements to normal period-end audit adjustments and the absence of footnotes, and present fairly the assets, liabilities and financial position of the Company as at the dates indicated and the results of operations and cash flow of the Company for the periods indicated.

4.13 Minute Books

To Sellers' Knowledge, the Records of the Company contain, in all material respects, complete and accurate minutes of all meetings and resolutions of the directors (or any committees thereof) and shareholders of the Company, and the share issuance and transfer books and register of shareholders of the Company are complete and accurate in all material respects.

4.14 Business of the Company

To Sellers' Knowledge, the Company has carried on the Business in the ordinary and normal course since April 30, 1996.

4.15 Liabilities of the Company

To Sellers' Knowledge, at the Time of Closing, the Company shall not have or be subject to any material liabilities or indebtedness (contingent or otherwise) of any kind whatsoever and whether or not of the nature normally required to be disclosed for financial statement purposes under GAAP, other than the liabilities set forth in the Financial Statements, unsecured trade accounts payables and accrued expenses incurred in the ordinary course of business since April 30, 1996, and liabilities listed on Schedule 4.15 hereto.

4.16 Indebtedness

Except as disclosed in the Financial Statements, the Company does not have outstanding indebtedness for borrowed money, and is under no obligation to create or issue any bonds, debentures, mortgages, promissory notes or other indebtedness for borrowed money, other than (a) such short term extensions of credit as may arise in the ordinary course of business in dealing with vendors of goods and services, and other than (b) amounts that may be borrowed by the Company prior to Closing pursuant to and under the Company's existing unsecured open line of credit with City National Bank, to make (i) a special one time compensation payment to four key employees of the Company in the aggregate amount of \$1,000,000, (ii) to pay approximately \$120,000 to other Company employees as special bonuses, and (iii) to pay \$50,000 to the Company's accountants for services rendered.

4.17 Capital Expenditures

Except as set forth in Schedule 4.17 hereto, the Company is not committed to make any capital expenditures, nor have any capital expenditures been authorized by any of the Sellers or the Company at any time since April 30, 1996.

4.18 Distributions to Shareholders and Other Persons

Since April 30, 1996, except as set forth in Schedule 4.18 hereto, the Company has not directly or indirectly:

(a) sold or otherwise disposed of any Assets material to the Business, except the sale of inventory in the ordinary course of business;

(b) made or authorized any advances or loans to any Person, including its officers, directors, former directors, shareholders and employees and any Person not dealing at arm's length with any of the foregoing, except in the ordinary course of business and at regular rates payable to them as salary, pension, bonuses or management fees and except for extensions of credit to customers made in the ordinary course of business

(c) made any payments of principal or interest on any indebtedness owed by the Company to any of the Sellers or an Affiliate thereof;

(d) made any payments or distributions in kind to its shareholders or former shareholders or declared any dividends on the Shares or other securities of the Company;

(e) redeemed, purchased or otherwise acquired any of its shares or other securities, or reduced its authorized capital or issued capital; or

(f) agreed to do any of the foregoing.

4.19 Taxes

Except as otherwise set forth in Schedule 4.19 hereto,

(a) Filing of Returns. With respect to the Company and the Business, there have been properly completed and filed on a timely basis and in correct form all Returns required to be filed on or prior to the date hereof. As of the time of filing, such Returns correctly reflected the facts regarding the income, business, assets, operations, activities, status or other matters of the Company or any other information required to be shown thereon. No extension of time within which to file any Return that has not been filed has been requested or granted or, to the extent that any request for extension has been made by the Company, the Company has timely filed the Return prior to the end of the extended period.

(b) Payment of Taxes. With respect to all amounts with respect to Taxes imposed on the Company or for which the Company is or could be liable, whether to taxing authorities (as, for example, under law) or to other persons or entities (as, for example, under tax allocation agreements), with respect to all taxable periods or portions of periods ending on or before the Closing Date, all applicable tax laws and agreements have been fully complied with, and all such amounts required to be paid by the Company to taxing authorities or others on or before the date hereof have been paid. In the event the Internal Revenue Services should successfully challenge expenses, deductions, losses, credits or other tax items taken by the Company for periods prior to the Closing Date, to the extent that part or all of those expenses, deductions, losses, credits, or other tax items are allowed in other tax periods, either before or after the Closing Date, the benefits to the Company (recognizing for this purpose that the Company will, subsequent to the Closing, be part of an affiliated group of companies and will file a consolidated return with the IRS) attributable to such expenses, deductions, losses, credits or other tax items, during the periods in which they are allowed, must be taken into account in determining the actual losses incurred by the Company due to the disallowance of such expenses, deductions, losses, credits or other tax items in the specific periods claimed in the Returns.

(c) Liens. There are no liens for Taxes (other than for current Taxes not yet due and payable) on the Assets.

(d) Payment of Deficiencies. There have been paid in full all deficiencies asserted or assessments made as a result of examinations of Returns by the Internal Revenue Service or the appropriate state, local or foreign taxing authority;

(e) Pending Issues. No issues that have been raised by the relevant taxing authority in connection with the examination of any Return are currently pending; and

(f) Waiver of Statute of Limitations. No waiver of any statute of limitations has been granted by or requested of the Company with respect to any Tax.

As a result of Buyer's purchase of the Shares, neither the Company nor Buyer will be obligated to make a payment to an individual that would be a "parachute payment" to a "disqualified individual" as those terms are defined in Section 280G of the Internal Revenue Code without regard to whether such payment is reasonable compensation for personal services performed or to be performed in the future.

4.20 Absence of Changes

Except as set forth in Schedule 4.20 or in the other Schedules provided to Buyer, or as otherwise provided herein, since April 30, 1996, the Company has conducted the Business only in the ordinary course consistent with prior practices and has not, on behalf of, in connection with or relating to the Assets or the Business:

(a) incurred any obligation or liability, absolute, accrued, contingent or otherwise, whether due or to become due, except scheduled or noted in or pursuant to Section 4.15 hereof, none of which liabilities, in any case or in the aggregate, could have a material adverse effect upon the Company;

(b) discharged or satisfied any Encumbrance other than those then required to be discharged or satisfied, or paid any obligation or liability, absolute, accrued, contingent or otherwise, whether due to be become due, other than current liabilities shown on the balances sheets presented to Buyer and current liabilities incurred since the date thereof in the ordinary course of business consistent with prior practice;

(c) mortgaged, pledged or subjected to a Encumbrance, any property, business or assets, tangible or intangible, held in connection with the Business;

(d) sold, transferred, leased to others or otherwise disposed of any of the Assets, except for inventory sold in the ordinary course of business, or canceled or compromised any debt or claim, or waived or released any right of substantial value, except in the ordinary course of business and consistent with prior practice;

(e) received any notice of termination of any contract, lease or other agreement or suffered any damage, destruction or loss (whether or not covered by insurance) which, in any case or in the aggregate, has had a material adverse effect upon the Company;

(f) transferred or granted any rights under, or entered into any settlement regarding the breach or infringement of, any intellectual property, or modified any existing rights with respect thereto;

(g) made any change in the rate of compensation, commission, bonus or other direct or indirect remuneration payable, or paid or agreed or orally promised to pay, conditionally or otherwise, any bonus, incentive, retention or other compensation, retirement, welfare, fringe or severance benefit or vacation pay, to or with respect to any shareholder, director, officer, employee, salesman, distributor or agent of the Company;

(h) encountered any labor union organizing activity, had any actual or threatened employee strikes, work stoppages, slowdowns or lockouts, or had any material change in its relations with its employees, agents, customers or suppliers;

(i) failed to replenish inventories and supplies in a normal and customary manner consistent with its prior practice, or made any purchase commitment in excess of the normal, ordinary and usual requirements of the Business;

(j) instituted, settled or agreed to settle any litigation, action or proceeding before any court or other Governmental Authority, other than in the ordinary course of business consistent with past practices and other than the possible settlements of the matters set forth in Schedule 4.30 and the Company's release of claims as referenced in Section 7.2.10; or

(k) To Sellers' Knowledge, taken any action or omitted to take any action that would result in the occurrence of any of the foregoing.

4.21 Product Warranties

Except as set forth in Schedule 4.21 and for warranties under Applicable Laws, (a) there are no warranties express or implied, written or oral, with respect to the products of the Business, (b) there are no pending or, to Sellers' Knowledge, threatened claims with respect to any such warranty, and (c) to Sellers' Knowledge, the Company has no liability with respect to any such warranty, whether known or unknown, absolute, accrued, contingent or otherwise and whether due or to become due.

4.22 Title to Assets

To Sellers' Knowledge, the Company owns, possesses and has a good and marketable title to the Assets, including leasehold estates, free and clear of any and all Encumbrances, except as disclosed in the Financial Statements and in Schedules 4.22 and 4.36 and except such defects or Encumbrances which are not, individually or in the aggregate, materially adverse to the Company and the Business taken as a whole or any material portion thereof. Except as set forth in the Schedules to this Agreement showing real and personal property leased by the Company, the Company has title to all assets that have been used by the Company in conducting its Business.

4.23 No Expropriation

Except as set forth in Schedule 4.23 hereof, no Asset has been taken or expropriated by any Governmental Authority nor has any notice or proceeding in respect thereof been given or commenced.

4.24 Directors and Officers

Schedule 4.24 sets forth the names and titles of all directors and officers of the Company.

4.25 Insider Indebtedness

None of the directors, former directors, officers, former officers, shareholders, former shareholders or employees of the Company is indebted to the Company.

4.26 Non-Arm's-Length Transactions

Except as set forth in Schedule 4.26 hereto, no director, former director, officer, former officer, shareholder, former shareholder or employee of the Company and no entity that is an Affiliate of one or more of such individuals:

(a) owns, directly or indirectly, in whole or in part, any property that is material to the operation of the Business, or

(b) has any cause of action or other claim whatsoever against, or owes any amount to, the Company in connection with the Business, except for any liabilities reflected in the Financial Statements and claims in the ordinary and normal course of business.

4.27 Intermediary Fees

No commission or other remuneration is payable or will be payable to any broker, agent or other intermediary who has acted for Sellers or the Company in connection with the sale of the Shares and the transactions herein contemplated.

4.28 Compliance With Material Agreements

To Sellers' Knowledge, the Company has, or has caused to be, complied with, performed, observed and satisfied all covenants, terms, conditions, obligations and liabilities required to be performed, observed, and satisfied by it, whether express or implied, which have arisen under the provisions of each of the Material Agreements,

each of which is now in good standing, valid and enforceable as to the Company and any other party thereto, each in accordance with its respective terms, and, neither the Company nor any other party to any of them is in default thereunder or in breach thereof or would, with the giving of notice or the lapse of time or both, be in breach or default thereof, and the Company is entitled to all benefits thereunder.

4.29 Compliance With Laws

Except as set forth in Schedule 4.29 hereto, Sellers have not received notice of the Company's noncompliance with or violation of any Applicable Laws, nor to Sellers' Knowledge has the Company failed to comply with or violated any Applicable Laws.

4.30 Litigation and Related Matters

Except as set forth in Schedule 4.30, there are no actions, suits, investigations or proceedings pending or, to Sellers' Knowledge, threatened against or directly affecting the Company, at law or in equity, or before any arbitrator of any kind, or before or by any other Governmental Authority. The Company is not subject to any outstanding orders, writs, injunctions, decrees, judgments, awards, determinations, work orders or directions of any Governmental Authority, the failure to comply with which can reasonably be expected to have a material adverse effect on the Company's conduct of the Business or its ownership or operation of the Assets taken as a whole or any material portion thereof. To Sellers' Knowledge, there are no claims or demands threatened against or directly affecting the Company, at law or in equity, or before any arbitrator of any kind or by any other Governmental Authority. Since January 1, 1987, the Company has not assigned to any other Person any claims or potential claims that the Company had or may have against any Person, including without limitation any potential or actual claims against Buyer or its Affiliates.

4.31 Environmental Matters

(a) Schedule 4.31 sets forth the Environmental Permits currently held by the Company. To Sellers' Knowledge, such Environmental Permits constitute the only Environmental Permits necessary for the Company to conduct its Business in the manner in which such business is currently conducted, and the Company has complied with the applicable covenants and conditions of the Environmental Permits, and such Environmental Permits are in full force and effect.

(b) Except as listed on Schedule 4.31, and subject to the other provisions of this Section 4.31, the Company has not received notice from any Governmental

Authority that the Company or the conduct of its Business is in violation any Environmental Law, and, to Sellers' Knowledge, no Governmental Authority or third party has commenced, or threatened to commence, any action, proceeding, litigation or investigation regarding the storage, disposition, transport, discharge, or existence of Hazardous Substances, whether located on the Company's properties or elsewhere, that would likely result in the Company being a potentially responsible party under any Environmental Law.

(c) The Company has not received notice from any Governmental Authority that the soil on which the Company's Business is conducted, or on the real property located immediately contiguous to that real property, is contaminated, requires clean up or remediation under, or is otherwise in violation of, applicable Environmental Laws. Sellers have no actual knowledge of soil contamination on such properties. However, Buyer has been informed and is aware that the property located at 125 East Commerce, Anaheim, California on which the Company conducts its Business has been used for foundry purposes or as a scrap yard for over 45 years. However, notwithstanding any language elsewhere in this Agreement, with respect to Sellers' representations in this paragraph as to soil contamination, Sellers will have no obligation to conduct any examination, including the drilling of core samples, to determine whether soil conditions are in all respects in compliance with applicable Environmental Laws, and Sellers' representations as to soil contamination will be made solely on the basis of Sellers' actual knowledge without further investigation.

(d) The Company has not received notice from any current or former employees of claims against the Company for exposure to Hazardous Substances in performing their responsibilities as Company employees, except to the extent that such claims are stated or implicit in claims asserted by employees in workmen's compensation claims against the Company.

4.32 Operating Permits and Licenses

Sellers have not received notice from any Governmental Authorities that the Company does not own or hold, or is not in compliance with, all permits, licenses, covenants, authorizations, approvals, privileges, waivers, exemptions, orders (inclusionary or exclusionary) or other concessions required in connection with the ownership and operation of the Assets and the conduct of the Business (collectively, the "Operating Permits and Licenses"), nor to Sellers' Knowledge has the Company failed to own or hold, or to comply with, all such Operating Permits and Licenses.

4.33 Bank Accounts and Safe Deposit Boxes

Schedule 4.33 sets forth a complete list of all bank accounts and safe deposit boxes (if any) maintained by the Company and the names of all Persons entitled to draw thereon or with access thereto.

4.34 Sensitive Payments

To Sellers' Knowledge, the Company has not made, and no director, officer, employee, agent or other representative of the Company or any Seller, or any Person acting on behalf of any of them made, directly or indirectly, any bribes, kickbacks, political contributions with corporate funds, payments from corporate funds not recorded on the books and records of such Person, payments from corporate funds that were falsely recorded on the books and records of such Person, payments from corporate funds to governmental officials in their individual capacities or illegal payments from corporate funds to obtain or retain business either within the United States or abroad.

4.35 Accounts Receivable and Accounts Payable

To Sellers' Knowledge, the accounts receivable reflected on the most recently delivered balance sheet of the Company presented to Buyer (the "Current Balance Sheet") arose from bona fide transactions in the ordinary course of business. Sellers have no Knowledge of any facts or circumstances (other than general economic conditions) that would result in any material increase in the uncollectability of such accounts receivable as a class in excess of the reserves therefor set forth in the Current Balance Sheet and/or the levels of uncollectability historically experienced by the Company. The accounts payable reflected on the Current Balance Sheet, and all accounts payable arising after the date of the Current Balance Sheet, arose or will arise from bona fide transactions in the ordinary course of business and have been or will be paid by the Company consistent with its normal business practices.

4.36 Real and Personal Property

(a) Owned Real Property. Schedule 4.36(a) contains a complete and correct list of all real property owned by the Company (the "Real Property") setting forth the address of each parcel of owned real property and describing the fixtures thereto and improvements thereon, including without limitation the properties reflected as being so owned on the Financial Statements.

((b) Leases. Schedule 4.36(b) contains a complete and correct list of all leases and subleases of the Company (collectively, the "Leases") setting forth the address, landlord, tenants and, as applicable, subtenants for each such lease or sublease. Sellers shall deliver, or cause to be delivered, to the Buyer correct and complete copies of the Leases. Each Lease is legal, valid, binding, enforceable and in full force and effect, except as may be limited by bankruptcy, insolvency, reorganization and similar Applicable Laws affecting creditors generally and by the availability of equitable remedies. To Sellers' Knowledge, the Company is not in default, violation or breach in any respect under any Lease, and no event has occurred and is continuing that constitutes or, with notice or the passage of time or both, would constitute a default, violation or breach in any respect under any Lease.

(c) Personal Property. Sellers shall deliver, or cause to be delivered, to Buyer the Company's most recently prepared list of fixed assets (together the "Personal Property").

(d) To Sellers' Knowledge, except as set forth in Schedule 4.36, the Company has good and marketable title to all of the Real Property and the Personal Property which it purports to own (other than inventory which has been disposed of since April 30, 1996 in the ordinary course of business), free and clear of all Encumbrances.

(e) Except as set forth on Schedule 4.36, no consent is required from the owner or lessor under any lease of the Real Property or the Personal Property in connection with the consummation of the transactions described in this Agreement, except consents which will be obtained prior to the Closing and defaults or consents which would not have a material adverse effect on the business operations or financial condition of the Company.

4.37 Labor Matters

(Except for such matters as would not have a material adverse effect on the business operations or financial condition of the Company and except as set forth in Schedule 4.37, (a) there is no labor strike, dispute, slowdown or work stoppage pending or, to Sellers' Knowledge, threatened against the Company, (b) to Sellers' Knowledge, the Company is in material compliance with all provisions of law relating to the employment of, and the wages, hours and working conditions of, their employees, (c) there is no unfair labor practice complaint against the Company pending or, to the best of Sellers' Knowledge, threatened before the National Labor Relations Board, (d) there is no charge of discrimination against the Company pending or, to the best of Sellers' Knowledge, threatened with the Equal Employment

Opportunity Commission or any other state or federal antidiscrimination agency, and (e) there are no organizational efforts presently being made or, to Sellers' Knowledge, threatened by or on behalf of any labor organization with respect to employees of the Company. Sellers will deliver, or cause to be delivered, to Buyer true and complete copies of all labor collective bargaining agreements to which the Company is a party.

4.38 Insurance

The Company maintains insurance as set forth in Schedule 4.38. No notice of cancellation or termination has been received with respect to any such policy or binder, which cancellation or termination would be material to the business operations or financial condition of the Company. The Company has paid all premiums now due and payable on such insurance policies, the policies are in full force and effect, and the Company is not in default under such insurance policies and, to the Sellers' Knowledge, there exist no circumstances, which would, with notice or the lapse of time, constitute defaults by the Company.

4.39 Material Contracts

Except as listed in Schedule 4.39 or disclosed in the Financial Statements, the Company is not a party to any: (a) indenture, mortgage, note, installment obligation, agreement or other instrument relating to the borrowing of money or installment payments, or (b) Material Agreement. Except as set forth in Schedule 4.39, to Sellers' Knowledge there is not, with respect to any of the obligations listed on Schedule 4.39, any default or event which with notice or lapse of time or both would constitute a default by the Company, except any such default or event which would not have a material adverse effect on the business operations or financial condition of the Company.

4.40 Benefit Plans; ERISA

Schedule 4.40 lists all employment agreements, incentive compensation, bonus programs, severance payment obligations, vacation plans, deferred compensation, profit-sharing, stock option, savings, retirement and pension plans or arrangements with or for the benefit of the officers and employees of the Company. The only employee benefit plans of the Company that are subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), are identified on Schedule 4.40 as "ERISA Plans." With respect to the ERISA Plans, to Sellers' Knowledge, the Company are in material compliance with the applicable provisions of ERISA and of the Internal Revenue Code of 1986, as amended (the "Code"). No "prohibited transaction" as defined in Section 406 of ERISA or Section 4975 of the Code has

occurred with respect to any ERISA Plan that would subject the Company to material penalty or liability under ERISA or the Code.

4.41 Patents, Trademarks, Etc.

Schedule 4.41 sets forth a true and complete list of all patents, trademarks, service marks, trade names, brand names, and registered copyrights, and any applications for any of the foregoing (collectively, the "Listed Intellectual Property") of any kind owned or used in the conduct of the Business. Schedule 4.41 contains a complete and accurate list of all licenses or agreements that in any way affect the Company's rights to any of the Listed Intellectual Property or any trade secret material to the conduct of the Business (the "Intellectual Property Licenses"). No claim with respect to the Listed Intellectual Property, any trade secret material to the Company or any Intellectual Property License is currently pending or, to Sellers' Knowledge, overtly threatened by any Person. Except as set forth in Schedule 4.41, to Sellers' Knowledge, the Company is the sole and exclusive owner or licensee pursuant to the Intellectual Property Licenses or the Listed Intellectual Property.

4.42 Inventories

All the inventories included in the Assets and reflected in the April 30, 1996 balance sheet of the Company are, or in the case of the monthly balance sheets to be delivered to Buyer pursuant to Section 6.2(k) will be, valued in accordance with GAAP consistently with the Company's past practices which will be adjusted to reflect the lower of cost (on a last in, first out basis) or market value basis. The level of inventories for the Company is, and on the Closing Date will be, consistent with past practices of the Company. Schedule 4.42 lists the locations of all inventories.

4.43 Updated Schedules

On or prior to the Closing Date, Sellers may deliver to Buyer one or more Schedules which are revised or updated to reflect changes to the operations or condition of the Company between the date hereof and the Closing. Such revisions and updates (i) shall be effective for the purpose of permitting Sellers to deliver to Buyer at the Closing a Sellers' certificate which contains a true and accurate restatement as of the Closing Date of the representations and warranties of Sellers as set forth herein and (ii) shall be subject to the Buyer's review and approval.

V. REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer hereby makes the following representations and warranties to Sellers as of the date of this Agreement, except and to the extent that such representations and warranties are (i) made as of a different specified date, in which case such representations and warranties shall be true as of the specified date, or (ii) affected by transactions contemplated hereby.

5.1 Due Incorporation and Organization of Buyer

Buyer is a corporation duly incorporated and organized, validly existing and in good standing under the laws of Alabama.

5.2 Corporate Power and Authority

Buyer has all necessary corporate power, authority and capacity to enter into and perform its obligations pursuant to the terms of this Agreement.

5.3 No Conflicting Interests

The execution and delivery of this Agreement, and each of the Related Documents to which Buyer is a party, will not in any material respect violate, nor be in conflict with, result in a breach of or constitute a default or cause the acceleration of any obligation of the Buyer under:

- (a) the Articles of Incorporation or By-Laws of Buyer;
- (b) any agreement, instrument, license, permit or authority to which Buyer is, or is entitled to be, a party or by which it is bound;
- (c) any judgment, decree, order, or award of any courts, arbitrator or governmental or regulatory authority; or
- (d) any applicable law, statute, rule or regulation applicable to Buyer.

5.4 Binding and Enforceable Agreement

This Agreement, and each of the Related Documents to which Buyer is a party, have been duly executed and delivered by Buyer and each such agreement constitutes a legal, valid and binding obligation of Buyer, enforceable in accordance with its terms, subject to laws of general application relating to bankruptcy, insolvency, reorganization, moratorium, relief of debtors, other laws relating to or affecting the

enforcement of creditors' rights, and rules of law governing specific performance, injunctive relief and other equitable remedies.

5.5 Regulatory Approvals of Transactions

No permits, licenses, certifications, approvals, consents, legislation or other action of any governmental or regulatory authority are required for the execution, delivery or performance by the Buyer of this Agreement or the transactions contemplated herein, except a preacquisition notification report to be made by Buyer under the H-S-R Act.

5.6 Investment

Buyer is acquiring the Shares for investment and not with a view toward, or for sale in connection with, any distribution thereof, nor with any present intention of distributing or selling such Shares. Buyer agrees that such Shares may not be sold, transferred, offered for sale, pledged, hypothecated or otherwise disposed of without registration under the Securities Act of 1933, as amended (the "Securities Act"), except pursuant to an exemption from such registration available under the Securities Act.

5.7 Intermediary Fees

No commission or other remuneration is payable or will be payable to any broker, agent or other intermediary who has acted for Buyer in connection with the purchase of the Shares and the transactions herein contemplated.

VI. COVENANTS

Sellers and Buyer covenant and agree with each other, during the period from the date hereof to the Time of Closing or earlier termination of this Agreement pursuant to Article IX, as set forth below.

6.1 Public and Other Records

At the request of Buyer, Sellers shall execute or cause to be executed such consents, authorizations and directions as may be necessary to permit any inspection, on reasonable notice and at reasonable hours, of the Business and any Assets or to enable the Buyer or its authorized representatives to obtain full access to all files and records relating to any of the Assets or the Business maintained by any governmental or regulatory authority. At Buyer's request, Sellers shall cause the Company to

cooperate with Buyer in arranging any such meetings as Buyer should reasonably request with:

- (a) any Seller;
- (b) the plant managers, sales managers, controller and more senior executives of the Company; and
- (c) auditors or any other Persons engaged or previously engaged to provide services with respect to the Company's affairs who have knowledge of matters relating to the Company and the Business.

6.2 Conduct of Business

Sellers shall and shall cause the Company to:

- (a) operate and maintain the Business in the ordinary course thereof and consistent with past practices and not take any action outside the ordinary course of Business without the consent of Buyer, such consent not to be unreasonably withheld or delayed;
- (b) promptly advise Buyer of any facts that come to their attention which would cause any of Sellers' representations and warranties herein to be untrue;
- (c) promptly advise Buyer in writing of any material adverse change in the Business, the Assets or the Company taken as a whole or any material portion thereof;
- (d) ensure that the Company does not create, incur or assume any long-term debt or create any Encumbrance upon any of the Assets or guarantee or otherwise assume liability for the obligations of any other Person or make any loans or advances to any Person or dispose of Assets outside the ordinary course of Business;
- (e) ensure that the Company does not declare or pay any dividends on the Shares, redeem or repurchase any shares in the capital of the Company or make any other distributions in respect of the securities of the Company, except as specifically contemplated by this Agreement;
- (f) maintain the books, records and accounts of the Company in the ordinary course and record all transactions on a basis consistent with GAAP;
- (g) ensure that the Company does not take any action to amend its Articles of Incorporation or By-Laws;

(h) not acquire, or agree to acquire, any Subsidiary or shares or any other interest in any other Person or any other business operations without the prior written consent of the Buyer;

(i) maintain policies of insurance until 11:59 p.m. on the Closing Date customary in the type of business carried on by the Company insuring the replacement value of all Assets and designating the Company as named insured in such policies, with any loss payable thereunder to the Company, and give all notices and present all claims under all policies of insurance in a due and timely fashion;

(j) use commercially reasonable efforts to maintain existing agreements or arrangements with customers and supplies; and

(k) provide monthly unaudited financial statements for the Company, consisting of a monthly balance sheet and monthly and year-to-date profit and loss statement, in the form previously prepared by the Company's management and delivered, to Buyer for review, as soon as reasonably practicable after the end of the calendar month, and as soon as such financial statements become available to the Sellers.

6.3 Regulatory Consents

Sellers and Buyer shall use their respective reasonable best efforts to obtain or cause to be obtained, at or prior to the Time of Closing, from all appropriate federal, state, municipal or other governmental or regulatory authorities, the licenses, permits, consents, approvals, certificates, registrations and authorizations required on behalf of or with respect to the Company or Sellers or the Buyer, as the case may be, to effect the transactions contemplated herein. Buyer will pay all filing fees required in making the preacquisition notification report under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "H-S-R Act").

6.4 Contractual Consents

Sellers shall use their reasonable best efforts to give or obtain or cause the Company to give or obtain the notices, consents and approvals required on its behalf to give effect to the transactions contemplated herein, and Buyer shall use its reasonable best efforts to do the same with respect to any notices, consents and approvals required on its behalf.

6.5 Resignation of Officers and Directors

As of the Time of Closing, Sellers shall cause each officer or director of the Company that is a nominee of Sellers to submit his or her written resignation as an officer or director of the Company, effective at the Time of Closing.

6.6 Conditions of Closing

All parties shall use their respective reasonable best efforts to cause all of the conditions to the obligations of the parties set forth in Article VII of this Agreement to be fulfilled as soon as practicable hereafter.

6.7 Cooperation

Each party will fully cooperate with each other party and with the others' employees, agents, attorneys and accountants in connection with any steps required to be taken to carry out the transactions contemplated by this Agreement.

6.8 Confidentiality

The parties agree that the Confidentiality Agreement among Buyer and the Company, shall be and hereby is extended and shall remain in full force and effect through and including the Closing, notwithstanding any other provision of this Agreement or of the Confidentiality Agreement. In addition, Buyer and Sellers agree to keep the Purchase Price confidential, unless all such parties agree in writing or unless disclosure thereof is required by applicable law.

6.9 Notifications by Sellers and Buyer

(a) Buyer shall notify Sellers promptly in the event that Buyer becomes aware of any breach or inaccuracy of any representation or warranty by Sellers, or any breach of any covenant by Sellers or the Company, contained in this Agreement. Buyer hereby waives any claim for indemnification hereunder with respect to any such matter of which Buyer was aware at the Time of Closing but failed to disclose to Sellers as required by this paragraph.

(a) Each of the Sellers shall notify Buyer promptly in the event that such Seller becomes aware of any breach or inaccuracy of any representation or warranty by Buyer, or any breach of any covenant by Buyer contained in this Agreement. Each such Seller hereby waives any claim for indemnification hereunder with respect to any such matter of which such Seller was aware at the Time of Closing but failed to disclose to Buyer as required by this paragraph.

6.10 Contribution of Contiguous Foundry Property

On or prior to the Closing Date, the Sellers shall contribute, or cause to be contributed, to the Company title to the Contiguous Foundry Property, subject only to exceptions to title existing as of the date hereof.

6.11 Due Diligence Investigation

Prior to the expiration of the waiting period under the H-S-R Act, Buyer will not contact the Company's employees, other than the Sellers and key management personnel referenced in Section 6.1 to discuss the Company or the Business, or the possibility of Buyer's acquisition of the Shares, or engage in any other activities that Buyer intends or would likely make public the prospects of the sale and change in control to the Company's employees and third parties, including the Company's suppliers, customers, and vendors, excluding for this purpose disclosures made by the Buyer in good faith to obtain regulatory approval and to respond to appropriate governmental requests for information regarding the transaction, without first obtaining the prior written consent of the Sellers. This restriction is intended to assist the Sellers in preserving the confidentiality of the transaction and avoiding the business disruptions that might otherwise arise if the possibility of the transaction were broached with the Company's employees, suppliers, customers, vendors and other third parties.

VII. CLOSING CONDITIONS

7.1 Conditions Precedent to the Obligations of Buyer and Sellers

The respective obligations of Buyer and each Seller to consummate the transactions contemplated hereby are subject to the conditions precedent set forth in this Section 7.1 (and elsewhere in this Article VII), any of which may be waived in whole or in part only by a written instrument signed by or on behalf of the party against whom the waiver is to be enforced.

7.1.1 Compliance

All consents, authorizations, orders and approvals of, and filings and registrations with, any governmental commission, board or other regulatory body which are required for the consummation by Buyer or Sellers of the transactions contemplated hereby shall have been obtained or made, and any applicable waiting period (including, without limitation, those under the H-S-R Act) shall have expired.

7.1.2 Litigation

No action or proceeding by any governmental agency shall have been instituted or threatened which would enjoin, restrain or prohibit, or might result in substantial damages in respect of this Agreement or the consummation of the transactions contemplated by this Agreement, and would in the reasonable judgment of either party make it inadvisable to consummate such transactions, and no action or proceeding shall have been instituted by any other party, and no court order shall have been entered in any such action or proceeding, which seeks to or does enjoin, restrain or prohibit this Agreement or the consummation of the transactions contemplated by this Agreement; provided, however, that (i) in the event an action or proceeding has been commenced by either the Federal Trade Commission or the Department of Justice to enjoin, restrain or prohibit the consummation of the transaction under the H-S-R Act, but such action or proceeding has not resulted in a court order that is binding upon the parties, the Company or the Assets, and (ii) following the expiration of the waiting period under the H-S-R Act, whether or not extended by a request for additional information by a Governmental Authority, Buyer has determined that it is prepared to proceed with the acquisition notwithstanding the possibility that either the Federal Trade Commission or the Department of Justice may further prosecute such action or proceeding, Sellers will be willing to waive, to that extent, its rights to condition the closing of this transaction upon the absence of any such action or proceeding if Buyer delivers to Sellers at Closing an indemnification in form and substance satisfactory to Sellers indemnifying and holding harmless Sellers against any and all damage, loss, cost or expenses, including attorneys' fees, of whatever kind or nature, that might be incurred by Sellers as a result of actions taken by either the Federal Trade Commission, or the Department of Justice, or any other governmental agency or body, on the grounds that the transaction violated antitrust laws or regulations. It is the intent of the parties that any such indemnification agreement will be broadly drafted to relieve each of the Sellers from bearing any and all financial risks associated with such matters. A further condition to Sellers' obligation to proceed is that each and every obligation of Buyer under the indemnification agreement be unconditionally guaranteed by McWane, Inc., the parent company of the Buyer.

7.2 Conditions Precedent to Buyer's Obligations

The obligations of Buyer under this Agreement are subject to the conditions precedent set forth in this Section 7.2, any of which may be waived in whole or in part only by a written instrument signed by or on behalf of Buyer.

7.2.1 Representations and Warranties

The representations and warranties of each Seller contained in Article IV hereof shall be true and correct as of Closing as though made on and as of such date, except and to the extent that such representations and warranties are (i) made as of a different specified date, in which case such representations and warranties shall be true and correct as of the specified date, or (ii) affected by transactions contemplated hereby; provided, however, that in the event there is a breach of any of the Sellers' representations, warranties or covenants in this Agreement or in the Related Documents to which any of the Sellers is a party, Sellers shall have a period of 60 days after the earlier of (x) Sellers' Knowledge of such breach or (y) notice from the Buyer of such breach, to cure such breach; provided, further, that if the damages attributable to such breach or breaches are financial in nature and can be reasonably estimated, and the aggregate damages to Buyer resulting from such breach or breaches do not exceed \$500,000, Buyer will not be relieved of the obligation to proceed with the Closing if Sellers are willing to reduce the Purchase Price by the amount of the reasonable estimate of the damages. If the parties cannot agree on a reasonable estimate of the quantifiable damages, Buyer will estimate and set aside in an interest bearing escrow account, with a financial institution acceptable to Sellers and Buyer, Buyer's estimate of the damages attributable to the breach, the parties will proceed to close the transaction (unless the Sellers object, in which event, this Agreement will terminate), the amount placed in escrow will be held pending a final determination of the damages, and the amount of the damages attributable to Sellers' breach will be submitted by the parties to binding arbitration in accordance with the procedures outlined in Section 10.11 of this Agreement. Upon completion of the arbitration, the funds held in escrow together with the interest thereon will be remitted to Buyer to the extent necessary to compensate Buyer for the damages attributable to the breach. If such funds are insufficient, Sellers shall promptly pay to Buyer the additional amounts necessary to compensate Buyer for the damages. On the other hand, if such funds are in excess of the amount to be remitted to Buyer, the balance will be promptly paid to Sellers in accordance with instructions received from them.

7.2.2 Performance

Each Seller shall have performed and complied with all agreements and covenants contained herein required to be performed or complied with by it on or before Closing.

7.2.3 No Organic Change

Between the date of this Agreement and the Time of Closing, the Company shall not have (a) amended its Articles of Incorporation or By-Laws, (b) made any change in its capital stock or (c) merged or consolidated with any other corporation or other entity.

7.2.4 Compliance Certificate

Sellers shall have delivered or caused to be delivered to Buyer a Certificate to the effect that the conditions to Buyer's obligations set forth in Section 7.1 above and in the paragraphs of this Section 7.2 have been, or at the Closing Date will be, fulfilled.

7.2.5 Books and Records

Sellers shall have delivered, or caused to be delivered, to Buyer the corporate minute books and other primary books and records of the Company.

7.2.6 Noncompetition Agreement Executed by the Sellers

Each of the Sellers shall have executed and delivered to Buyer at the Closing a Noncompetition Agreement, in form and substance satisfactory to Buyer and each of the Sellers and their respective legal counsel.

7.2.7 Net Worth of Company

As of the Closing Date, the Company has a net worth, computed in accordance with GAAP, of not less than \$7,086,729 (which shall include a reduction for an amount equal to the Litigation Reserve)..

7.2.8 Satisfaction of Buyer's Due Diligence

Buyer has, prior to the Closing Date, concluded its due diligence and determined to proceed with the Closing. Buyer shall use its best efforts to advise Sellers in writing no later than 10 days prior to the Closing Date whether it is satisfied with its due diligence.

7.2.9 Contribution of Contiguous Foundry Property

Sellers shall have performed their obligation to contribute, or to cause to be contributed, the Contiguous Foundry Property to the Company on or prior to the Closing Date as required by Section 6.10.

7.2.10 Litigation Release

Sellers shall have executed a complete release, in a form satisfactory to Buyer, of Tyler Corporation, Tyler Pipe Company, Tyler Pipe Industries, Inc., TPI of Texas, Inc. and Buyer, together with their respective parents, subsidiaries and Affiliates (collectively, the "Released Parties"), of all claims (other than claims that might arise under this Agreement) arising from or related to any act or omission prior to the Closing Date, including but not limited to all claims that have been or could have been asserted in that certain suit styled Anaheim Foundry Company v. Tyler Pipe Industries, Inc., et al, SA CV-92-408 AHS (E Ex.), pending in the United States District Court for the Central District of California (the "Suit"), together with a consent to the dismissal of the Suit, with prejudice. With respect to the Suit, none of the Sellers has a claim or potential claim of any nature related to or arising out of the subject matter of the Suit or circumstances surrounding the Suit and no Seller assigned, and no Seller will in the future assign, to any Person any claim or potential claim related to or arising out of the subject matter of the Suit or circumstances surrounding the Suit.

7.2.11 Leasing of 800 Building

During Buyer's due diligence, Sellers and Buyer will enter into arms-length negotiations to determine whether agreement can be reached on the terms and conditions of the leasing of the 800 Building to the Company on and after the Closing. Both parties will exercise good faith in negotiating the terms of such lease, but neither of the parties is committed to proceed with the leasing of the property, unless the terms and conditions are acceptable to such party. If the parties reach a mutually acceptable agreement, the lease of the 800 Building will be consummated concurrently with the sale of the Shares to Buyer pursuant to this Agreement. The leasing of the 800 Building to the Company is a condition to the Buyer's obligation to purchase the Shares.

7.2.12 Subleasing of Subleased Property

During Buyer's due diligence, Cecil Sills and Ernie J. Beigel and Buyer will enter into arms-length negotiations to determine whether agreement can be reached on

the terms and conditions of the subleasing of the Subleased Property to the Company on and after the Closing. Both parties will exercise good faith in negotiating the terms of such Sublease, but neither of the parties is committed to proceed with the subleasing of the Subleased Property, unless the terms and conditions are acceptable to such party. The execution of the Sublease is further subject to the parties' receipt of written confirmation prior to the Closing that the owner of the Subleased Property has consented to the Sublease. If the parties reach a mutually acceptable agreement for subleasing the Subleased Property, and receive the requisite owner consent to the subleasing, the subleasing of the Subleased Property will be consummated concurrently with the sale of the Shares to Buyer pursuant to this Agreement. The sublease of the Subleased Property to the Company is a condition to the Buyer's obligation to purchase the Shares.

7.3 Conditions Precedent to Sellers' Obligations

The obligations of each Seller under this Agreement are subject to the conditions precedent set forth in this Section 7.3, any of which may be waived in whole or in part only by a written instrument signed by or on behalf of such Seller.

7.3.1 Representations and Warranties

The representations and warranties of Buyer contained in Article V hereof shall be true and correct as of Closing as though made on and as of such date, except and to the extent that such representations and warranties are (i) made as of a different specified date, in which case such representations and warranties shall be true and correct as of the specified date, or (ii) affected by transactions contemplated hereby.

7.3.2 Performance

Buyer shall have performed and complied with all agreements and covenants contained herein required to be performed or complied with by it on or before Closing.

7.3.3 Compliance Certificate

Buyer shall have delivered or caused to be delivered to each Seller a Certificate to the effect that the conditions to Sellers' obligations set forth in Section 7.1 above and in the paragraphs of this Section 7.3 have been fulfilled.

VIII. TERMINATION

8.1 Termination

This Agreement may be terminated at any time prior to Closing:

- (a) By mutual written agreement of Buyer and Sellers;
- (b) By Buyer upon written notice to the Sellers that it is not satisfied with the results of Buyer's due diligence, such notice to provide an explanation in reasonable detail of Buyer's reasons for terminating this Agreement;
- (c) If any court of competent jurisdiction in the United States or other United States governmental or regulatory body shall have issued an unappealable order, decree or ruling or taken any other action restraining, enjoining or otherwise prohibiting the transactions contemplated by this Agreement, subject however to Buyer's rights under Section 7.1.2 of this Agreement;
- (d) Subject to the terms and conditions of Section 7.2.1 hereof, at any time on or prior to the Closing Date, by the Sellers in writing, if Buyer, or by Buyer in writing, if any of the Sellers, shall have been, or is, in breach of any representation or warranty, or in breach of any covenants, undertaking or restriction contained herein, and such breach continues uncured beyond the expiration of the cure period, if applicable, permitted to such party to effectuate a cure; or
- (e) The automatic termination of this Agreement under Section 8.2.

8.2 Automatic Termination

This Agreement shall be terminated automatically, unless both Buyer and Sellers shall have executed a written extension of time in which to consummate this Agreement, at the close of business on September 30, 1996, if the Closing shall not have been completed by such time.

IX. SURVIVAL OF REPRESENTATIONS AND WARRANTIES; INDEMNIFICATION

9.1 Survival of Representations and Warranties

- (a) Except as specified in Section 9.1(b), the representations and warranties set forth in Articles IV and V of this Agreement shall survive the Closing for a period of 18 months, at which time they shall terminate and be of no further force or effect.

(b) The representations and warranties set forth in Section 4.19 of this Agreement relating to tax matters shall survive Closing for the duration of any applicable statutes of limitations relating thereto.

(c) Except as set forth in the preceding paragraph (a) and (b) any other representations and warranties in this Agreement shall terminate at Closing and be of no further force or effect thereafter.

9.2 Indemnification by Sellers

Subject to the other provisions of this Article IX, the Sellers jointly and severally agree to indemnify, defend, and hold Buyer harmless from and against any actual damage, loss or other cost or expense, including reasonable attorneys' fees, of whatever kind or nature ("Indemnification Losses"), actually incurred or sustained by Buyer with respect to, by reason of, or arising out of the breach of any representation or warranty or the failure to perform any covenant or agreement made by Sellers in this Agreement, to the extent such breach has not previously been waived by Buyer in writing or pursuant to Section 6.9 of this Agreement.

9.3 Indemnification by Buyer

Subject to the other provisions of this Article IX, Buyer agrees to indemnify, defend and hold each Seller harmless from and against any Indemnification Losses actually incurred or sustained by such Seller with respect to, by reason of, or arising out of the breach of any representation or warranty or the failure to perform any covenant or agreement made by Buyer in this Agreement, to the extent such breach has not previously been waived by such Seller in writing or pursuant to Section 6.9 of this Agreement.

9.4 Limitations on Indemnification

(a) No claim for indemnification may be made under this Agreement unless written notice of such claim setting forth the factual basis thereof, the provisions of this Agreement on which such claim is based and all other material details of such claim is delivered to the party against whom the claim is asserted before 30 days after the survival period applicable to such claim as specified in this Article IX expires.

(b) No claims for indemnification pursuant to Sections 9.2 or 9.3 hereof may be made to the extent that Indemnification Losses are recovered under any insurance policy of Sellers, the Company or Buyer, without recourse or subrogation back to the party seeking indemnification (the "Indemnified Party"), or to the extent

(that the Indemnified Party has not suffered or is not at risk of suffering an actual loss or expense; provided, however, that any incremental increase in Buyer's insurance premiums attributable to such an insurance recovery of Indemnification Losses shall be considered Indemnification Losses.

(c) None of the Sellers shall have any liability for indemnification under this Agreement, and Buyer shall not be entitled to receive indemnification under this Agreement, unless and until

- (i) the aggregate amount of all claims for Indemnification Losses by Buyer exceeds Two Hundred and Fifty Thousand Dollars (US \$250,000) (the "Aggregate Claim Threshold"), provided that once claims in excess of the Aggregate Claim Threshold have been validly made hereunder, the entire amount of such claims (subject to the limitations set forth in paragraph (d) below and elsewhere herein), shall be recoverable under this Article IX, or
- (ii) with respect to any single claim asserted by Buyer, the amount of such single claim exceeds One Hundred Thousand Dollars (US \$100,000) (the "Single Claim Threshold"), in which event Buyer may recover the entire amount of such claim even though the Aggregate Claim Threshold has not be satisfied, and the amount of such claim should be included in determining if and when the Aggregate Claim Threshold is satisfied.

(d) Notwithstanding any other provision of this Agreement, in no event shall the aggregate liability of Sellers for indemnification claims under this Agreement exceed Five Million Dollars (US \$5,000,000) in respect of all such claims, except that to the extent claims are brought by Buyer under Sections 4.2, 4.4, 4.5, 4.6, 4.7, 4.8 or 4.9 of this Agreement, the amount of such claims is not subject to the limitation upon damages contained in this Section 9.4(d). In addition, neither this paragraph (d) nor Section 9.4(c) shall apply to any Buyer claims for indemnification under Section 10.17.

9.5 Procedure for Indemnification

(a) The Indemnified Party shall promptly notify in writing the party from whom it seeks indemnification (the "Indemnitor") of any matters which may give rise to the right to indemnification hereunder.

(b) If the Indemnified Party is threatened with any claim or any claim is presented to, or any action or proceeding is commenced against, the Indemnified Party which may give rise to the right of indemnification hereunder, the Indemnified Party will promptly give written notice thereof to the Indemnitor. The Indemnitor, by delivery of written notice to the Indemnified Party within thirty (30) days of receipt of written notice for indemnity from the Indemnified Party or ten days prior to the date of any response required by applicable law, whichever is sooner, may elect to contest such claim, action or proceeding, in which event such contest shall be conducted through counsel reasonably acceptable to the Indemnified Party but otherwise in such manner as the Indemnitor deems necessary and advisable; provided, however, that if the Indemnified Party requests in writing that such claim, action or proceeding not be contested, then it shall not be contested but shall also not be covered by the indemnities provided herein. The Indemnitor shall not have the right to settle an indemnifiable matter except with the consent of the Indemnified Party (which consent is not to be unreasonably withheld), after delivering a written description of the proposed settlement to, and receiving written consent from, the Indemnified Party. In the event the Indemnified Party is required to respond to any action or suit prior to acceptance of the tender of defense by the Indemnitor, the Indemnitor shall reimburse to the Indemnified Party all costs and expenses, including attorneys' fees, incurred by the Indemnified Party in responding to such suit or action. In the event that the Indemnified Party declines to consent to any proposed settlement, then the Indemnified Party shall have no right to indemnification beyond the amount of such proposed settlement if the proposed settlement conclusively and with finality would dispose of all the matters in controversy. If the Indemnitor does not elect to contest an indemnifiable matter, the Indemnified Party shall have the right to prosecute, defend, compromise, settle or pay any claim without Indemnitor's participation, and without diminishing the Indemnitor's obligations under its indemnity. The Indemnified Party shall cooperate with the Indemnitor in connection with any matter or claim for indemnification. A party seeking to enforce or defend a claim, the subject matter of which derives from this Article IX, shall be entitled to bring an action to have the rights and obligations of the parties declared and/or enforced hereunder during the pendency of the indemnifiable matter, all in accordance with Section 10.11.

(c) Failure of the Indemnified Party to give prompt notice of claim for indemnification to the Indemnitor, pursuant to either paragraphs (a) or (b) of this Section 9.5, will not constitute a waiver of such Indemnified Party's right to seek indemnification under this Article IX, unless the claim is not asserted within the applicable claim period specified in Section 9.1. But such failure will relieve the Indemnitor from Indemnification Losses to the extent that such Indemnification

Losses could have been avoided, mitigated, or otherwise eliminated had the Indemnified Party given prompt notice of the claim.

(d) After Closing, Buyer shall promptly notify Sellers of any audits or investigations proposed by any governmental taxing agency or authority with respect to matters covered by the representations and warranties set forth in Section 4.19, and Buyer shall allow Sellers the opportunity to participate in any such audits or investigations. Buyer shall, at the request of Sellers, cause the Company to contest any assessments resulting therefrom; provided, however, that if the Buyer requests that such assessments not be contested, then such assessments shall not be contested but shall also not be covered by the indemnities provided in this Article IX. Sellers and their counsel shall have the right to control such contest. After Closing, Buyer shall not, and shall not permit the Company to, extend the statute of limitations for, or settle any tax controversy relating to, any tax periods or liabilities covered by the representations and warranties set forth in Section 4.19 above without the express written consent of Sellers.

9.6 Exclusive Remedy

Except with respect to claims based on fraud in the inducement, indemnification under this Article IX shall constitute the sole remedy of Buyer and Sellers for any loss, damage, cost or expense incurred in connection with the transactions contemplated by this Agreement.

X. MISCELLANEOUS

10.1 Entire Agreement; No Third Party Beneficiaries; Amendments

The terms set forth in this Agreement (including the Schedules hereto) are intended by the parties as a final, complete and exclusive expression of the terms of their agreement with respect to the transactions contemplated by this Agreement and may not be contradicted, explained or supplemented by evidence of any prior agreement, any contemporaneous oral agreement or any consistent additional terms. There are no restrictions, promises, representations, warranties, covenants or undertakings, other than those expressly set forth or referred to herein. This Agreement is not intended to confer upon any Person other than the parties hereto any rights or remedies hereunder. Any amendment of this Agreement shall be effective only if in writing and signed by all parties hereto.

10.2 Successors and Assigns

The terms and conditions of this Agreement shall inure to the benefit of and be binding upon each of the parties and their respective successors and assigns.

10.3 Governing Law

This Agreement shall be governed by and construed under the laws of the State of California as such laws would be applied to contracts entered into and to be performed entirely within such State.

10.4 Counterparts

This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

10.5 Notices

All notices provided for by this Agreement shall be made in writing either: (a) by actual delivery of the notice into the hands of the parties thereunto entitled; (b) by the mailing of the notice in the U.S. mails to the last known address of the party entitled thereto, by registered mail, return receipt requested; or (c) by the mailing of the notice by express mail or other overnight mail service to the address indicated below, unless the party giving any such notice has been notified, in writing, of a change of such address:

To Sellers:

PRVY-Controlled/Privacy



With a Copy to:

Perkins Coie
1999 Avenue of the Stars
Ninth Floor
Los Angeles, CA 90067
Attn. Thomas McLean, Esq. and George
M. Beal, Esq.
[Facsimile no. 310-788-3399]

To Buyer:

Ransom Industries, Inc.
c/o McWane, Inc.
23 Inverness Parkway
Birmingham, AL 35243
Attn: John McMahon

With a Copy to:

Maynard, Cooper, and Gale
AmSouth Harbert Tower
24th Floor
1901 6th Avenue North
Birmingham, AL 35203
Attn. Mark L. Drew, Esq.

The notice shall be deemed to be received in case (a), on the date of its actual receipt by the party entitled thereto; in case (b), on the third business day after the date of its mailing; and in case (c), on the first business day after the date of its mailing.

10.6 Expenses

Whether or not the transactions contemplated by this Agreement are consummated, each of the parties hereto shall, subject to the indemnification provisions of this Agreement, pay its own fees, costs and expenses incurred in connection with the negotiation, preparation and carrying out of this Agreement and all other matters relating to the transactions contemplated hereby, including the fees, costs and expenses of its own counsel, agents, representatives, brokers and other experts, provided that the fees, costs and expenses of the Company and Sellers will be paid by the Company as long as the payment of such fees and expenses prior to the

Closing does not result in the Company's net worth as of the Closing Date falling below the level stipulated in Section 7.2.7. In addition, if there is a request for additional information from any Governmental Authority with respect to the notice given by the parties hereto under the H-S-R Act, Buyer shall pay all costs, expenses and fees incurred in connection therewith by Sellers for the services of counsel, agents, representatives and other experts, even if the transaction contemplated herein is not consummated for any reason other than the willful misconduct or fraud of the Sellers.

10.7 Interpretation

The headings preceding the text of Sections of this Agreement are for convenience only, are not part of the agreement of the parties and shall not be deemed parts hereof or in any way affect the meaning or interpretation of this Agreement.

10.8 Waivers

Any terms, covenants, representations, warranties or agreements of any party hereto may be waived at any time by an instrument in writing executed by the party for whose benefit such term exists. The failure of any party at any time or times to require performance of any provisions hereof shall in no manner affect its right at a later time to enforce the same. No waiver by any party of any condition or of any breach of any term, covenant, representation, warranty or agreement contained in this Agreement shall be effective unless in writing, and no waiver in any one or more instances shall be deemed to be a further or continuing waiver of any such condition or breach in other instances or a waiver of any other condition or any breach of any other term, covenant, representation, warranty or agreement.

10.9 Severability

If any provision of this Agreement is held to be unenforceable under applicable law, such provision shall be severed from this Agreement as if such provision were not included, and the balance of this Agreement shall be enforceable in accordance with its terms.

10.10 Assignment and Nominee

Notwithstanding the provisions of Section 10.2, the rights and obligations of each party hereunder shall not be assignable. Notwithstanding the foregoing, Buyer may assign its interest in this Agreement to a direct or indirect wholly owned

subsidiary of Buyer; provided, however, that any such assignment shall not relieve Buyer of its obligations hereunder.

10.11 Arbitration

As to any matter of disagreement, dispute or controversy between the parties hereto, any of the parties to this Agreement may demand that such disagreement, dispute or controversy be submitted to arbitration. The demand for arbitration shall be in writing, shall be served on the other party as provided in Section 10.5 and shall set forth the matter or matters to be arbitrated and the name and address of the arbitrator chosen by the party making such demand. Within 15 days after the receipt of the demand, the party receiving the demand shall appoint an arbitrator and give written notice of such appointment to the party making the demand and shall specify the name and address of such arbitrator. The two arbitrators so appointed or selected shall appoint a third arbitrator as soon as practicable. Any arbitration pursuant hereto shall be in accordance with the Commercial Arbitration Rules of the American Arbitration Association as then in effect, and judgment upon the award rendered by the arbitrators may be entered in any court having jurisdiction thereof. All such arbitration proceedings shall take place in Los Angeles, California. Any award rendered shall be final and conclusive upon the parties. The arbitrators shall award the substantially prevailing party the costs and expenses incurred in proceeding with the arbitration, including but not limited to the costs of experts, evidence and legal fees, the arbitrators' fees and the administrative fees imposed by the American Arbitration Association. The arbitrators are authorized to issue pre-award injunctive relief where appropriate and to invoke such other sanctions as may be necessary to enforce the arbitrators' orders or to compel discovery through depositions or document production.

10.12 Construction

This Agreement has been submitted to the scrutiny of, and has been negotiated by, all parties hereto and their counsel, and shall be given a fair and reasonable interpretation in accordance with the terms hereof, without consideration or weight being given to its having been drafted by any party hereto or its counsel.

10.14 Further Assurances

Upon reasonable requests from time to time the parties hereto shall deliver and/or execute such further instruments which are necessary to or appropriate with respect to the consummation of the transaction contemplated by this Agreement. None of the documents or instruments requested hereunder shall contain any

undertaking or representation not contained in this Agreement or inconsistent with the understandings and representations contained in this Agreement.

10.15 Publicity

No party to this Agreement shall issue any press release or announcement relating to the subject matter hereof prior to the Closing Date without the prior approval of the other parties; provided, however, that a party may make any disclosure it believes in good faith is required by law, in which case the disclosing party will advise the other parties and give them the opportunity to review the disclosure prior to its release.

10.16 Schedules and Exhibits

The schedules and exhibits attached hereto are incorporated herein by reference.

10.17 Litigation Costs of the Antitrust Suit

In the event the Company has not paid and/or settled, on or prior to the Closing Date, all claims of legal counsel relating to or arising out of the Suit (collectively, the "Claims for Antitrust Legal Expenses"), the Company shall, as of the Closing Date, establish a litigation reserve equal to the lesser of (a) the Company's pre-tax operating income during the period from May 1, 1996 through the Closing Date, less \$300,000 and less the amounts, if any, paid by the Company during such period in payment and/or settlement of Claims for Antitrust Legal Expenses, or (b) \$250,000 (such amount together with imputed interest thereon, at an interest rate of 6% per annum on the undisbursed funds, is herein referred to as the "Litigation Reserve"). For purposes of computing the Company's pre-tax operating income, the Company shall follow the accounting principles previously employed by the Company, provided, however, that the Company shall exclude from such computation the impact, if any, on operating income during such period as a result of the Company's paying \$1,000,000 in special bonuses to four key employees, up to \$120,000 in special bonuses to other Company employees, \$50,000 in payments to the Company's accountants for services rendered, and the amounts, if any, paid in payment and/or settlement of the Claims for Antitrust Legal Expenses, and the costs related thereto.

The Company shall apply the funds in the Litigation Reserve solely for the purposes, and in accordance with the restrictions, set forth in this Section 10.17. If, at any time, the Company is in a position to pay and/or settle all Claims for Antitrust Legal Expenses, and to cover the Company's costs related thereto, out of the funds

held in the Litigation Reserve, the Company may, without the prior consent of the Sellers, use the funds in the Litigation Reserve for such purposes and pay and/or settle the Claims for Antitrust Legal Expenses upon such terms and conditions as the Company may, in its sole discretion, deem advisable and appropriate. At such time, the Company will be relieved of the obligation of maintaining the Litigation Reserve.

On the other hand, if the amount in the Litigation Reserve is not sufficient to permit the Company to pay and/or settle all Claims for Antitrust Legal Expenses, and to cover the Company's costs related thereto, the funds in the Litigation Reserve will be held by the Company subject to the following restrictions:

(i) the Company and Sellers shall select legal counsel to assist with the payment and/or settlement of the Claims for Antitrust Legal Expenses;

(ii) except as limited by subparagraph (v) below, at the time all Claims for Antitrust Legal Expenses are settled, and the Company is released from such claims, Sellers shall immediately contribute to the Company the additional funds, if any, necessary to pay and/or settle the Claims for Antitrust Legal Expenses, including the legal costs and disbursement of the legal counsel selected by the Company and Sellers, to the extent that all such expenses exceed the amount in the Litigation Reserve, and each of the Sellers shall indemnify, defend and hold Buyer and the Company harmless from and against any actual damage, loss or other cost and expense, including reasonable attorneys' fees of whatever kind or nature, actually incurred or sustained by Buyer or the Company and in excess of the Litigation Reserve, with respect to, by reason of or arising out of the Claims for Antitrust Legal Expenses and the costs of the Company's legal counsel selected with the approval of the Company and Sellers;

(iii) in addition to the Company, the Sellers may conduct direct negotiations with legal counsel having actual or potential Claims for Antitrust Legal Expenses in an effort to work out the terms of a possible payment and/or settlement of such claims;

(iv) except as provided by subparagraph (v) below, any payment and/or settlement of the Claims for the Antitrust Legal Expenses must be approved by both the Company and Sellers, which consent shall not be unreasonably withheld;

(v) at any time, after the Closing, the Company may settle the Claims for Antitrust Legal Expenses, upon such terms and conditions as the Company deems reasonable, advisable or appropriate, without obtaining the consent of Sellers, provided however that if such payment and/or settlement is made without the consent of the Sellers, Sellers will be relieved of their obligation to indemnify the Company

pursuant to subparagraph (ii) above, and any amounts remaining in the Litigation Reserve shall be released from any and all restrictions contained in this Section 10.17 and may be used by the Company for any purpose.

Notwithstanding anything to the contrary herein, the proposed establishment of the Litigation Reserve as described in this Section 10.17 shall not require that the Company establish a separate bank account or to otherwise segregate any amounts of cash for purposes thereof. In addition, the amount of the Litigation Reserve shall be considered as a reduction of the Company's net worth to be determined as of the Closing Date in accordance with Section 7.2.7 hereof.

Notwithstanding anything to the contrary contained in this Agreement, the indemnification provisions contained in this Section 10.17 shall survive the Closing indefinitely.

10.18 Redemption of Shares held by the PRVY-Controlled/Privacy Trust

Recently, the Company redeemed PRVY-Controlled shares of Common Stock held by the PRVY-Controlled/Privacy Trust (the "Trust") and the Trust intends to distribute, prior to the Closing, the balance of the shares of Common Stock held by it to its beneficiaries, PRVY-Controlled/Privacy. Each of the Sellers hereby agrees to indemnify and hold harmless Buyer from any and all liabilities, costs, and expenses, arising out or in connection with such redemption of shares of Common Stock by the Company and the subsequent distribution by the Trust of its remaining shares of Common Stock to the individual Sellers.

Notwithstanding anything to the contrary contained in this Agreement, the indemnification provisions contained in this Section 10.18 shall survive the Closing indefinitely.

10.19 Non-Liability of PRVY-Controlled/Privacy

Buyer and Sellers acknowledge that PRVY-Controlled/Privacy is accommodating this transaction by acting as Trustee of the PRVY-Controlled/Privacy Trust. Buyer and Sellers acknowledge and agree that PRVY-Controlled/Privacy, an individual, shall have no responsibility, liability, or obligation of any nature to Buyer and/or Sellers, whether or not said liability is based upon contract, tort, or any other legal theory.

Buyer and Sellers hereby generally release PRVY-Controlled/Privacy in his individual capacity from any and all claims, actions, or obligations of any nature, whether known or unknown, relating directly or indirectly to this transaction.

Except as provided herein, it is further understood and agreed that all rights under Section 1542 of the Civil Code of the State of California, and any similar law of any state or territory of the United States **ARE HEREBY EXPRESSLY WAIVED**. Said section reads as follows:

"1542. Certain claims not affected by general release. A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor."

Buyer agrees to fully indemnify, defend, and hold **PRVY-Controlled/Privacy** an individual, free and harmless from any action brought either by Buyer which directly or indirectly relates to this transaction.

Sellers agree to fully indemnify, defend, and hold **PRVY-Controlled/Privacy** an individual, free and harmless from any action brought either by Sellers or by any person, firm, or legal entity as assignee or successor-in-interest to Sellers which directly or indirectly relates to this transaction.

In the event an action is filed against **PRVY-Controlled/Privacy** in his capacity as Trustee of the **PRVY-Controlled/Privacy** said action will be dismissed by the plaintiff or cross-complainant as to **PRVY-Controlled/Privacy** as Trustee, upon verification that **PRVY-Controlled/Privacy** no longer serving as Trustee of said trust.

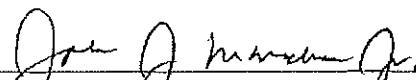
In the event the terms and conditions of the provisions set forth above any in any different form, or inconsistent with, other provisions of this Agreement or any other documents relating to this Agreement, the terms and conditions set forth above shall prevail and shall supersede any other inconsistent terms or conditions.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

Buyer:

Ransom Industries, Inc.

By:


John J. McMahon, Jr., Chairman

Sellers:

PRVY-Controlled/Privacy



Sellers:

PRVY-Controlled/Privacy



Sellers:

PRVY-Controlled/Privacy



Spousal Joinder and Consent

The spouses of the Shareholders join in and consent to the execution of this Agreement for the limited purpose of evidencing their knowledge of its existence, and their agreement to the provisions of this Agreement so as to bind their community interest, if any, to the performance of this Agreement by the Shareholders. However, nothing contained in this Spousal Joinder and Consent is intended to, nor shall be deemed to, confer or create any community property interest in the Shares upon any such spouse.

Dated: August 21, 1996

Dated: August 19, 1996

Dated: August 19, 1996

PRVY-Controlled/Privacy

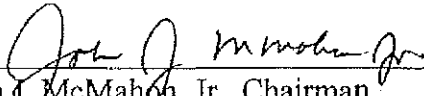


Guaranty of McWane, Inc.

McWane, Inc., a Delaware corporation (the "Guarantor"), unconditionally guarantees unto each of the Sellers the performance by Buyer of any and all of its obligations under this Agreement and any agreement, document or instrument executed in connection therewith, and Guarantor also unconditionally agrees to hold each of the Sellers harmless from any and all liability, costs, expense, damage or other amounts such Seller may otherwise sustain as a result of, arise out of or be related to the breach by Buyer of any representation or warranty or the failure to perform any covenant or agreement contained in this Agreement and any agreement, document or instrument executed in connection therewith. Guarantor is the parent of Buyer and acknowledges that there is adequate and sufficient consideration for its execution of this guaranty; furthermore, Guarantor represents and warrants that this guaranty has been duly executed and delivered by Guarantor and this guaranty constitutes a legal, valid and binding obligation of Guarantor, enforceable in accordance with its terms, subject to laws of general application relating to bankruptcy, insolvency, reorganization, moratorium, relief of debtors, other laws relating to or affecting the enforcement of creditors' rights, and rules of law governing specific performance, injunctive relief and other equitable remedies.

Guarantor

McWane, Inc.,
A Delaware corporation

By: 
John J. McMahon, Jr., Chairman

Spousal Joinder and Consent

The spouses of the Shareholders join in and consent to the execution of this Agreement for the limited purpose of evidencing their knowledge of its existence, and their agreement to the provisions of this Agreement so as to bind their community interest, if any, to the performance of this Agreement by the Shareholders. However, nothing contained in this Spousal Joinder and Consent is intended to, nor shall be deemed to, confer or create any community property interest in the Shares upon any such spouse.

Dated: August __, 1996

Dated: August __, 1996

Dated: August __, 1996

Exhibit A

Legal Description of the 1 1/3 Acre Parcel Adjacent to the Foundry Site

Exhibit B

Legal Description of the 800 Building Parcel

A486766

[EXECUTION COPY]

ENDORSED
FILED

In the office of the Secretary of State
of the State of California

CERTIFICATE OF AMENDMENT

OF

ANAHEIM FOUNDRY COMPANY

JAN 21 1997

Bill Jones
BILL JONES, Secretary of State

We, Leon A. Nolen, III, the President and Sally B. Hawley, the Secretary of Anaheim Foundry Company, a corporation duly organized and existing under the laws of the State of California, do hereby certify:

1. That they are the President and the Secretary, respectively, of Anaheim Foundry Company (renamed anaco by this amendment), a California corporation.

2. That an amendment to the Articles of Incorporation of this corporation has been approved by the board of directors.

3. The amendment so approved by the board of directors is as follows:

RESOLVED, that Article FIRST of the Articles of Incorporation, as amended, be, and it hereby is, amended to provide in its entirety as follows:

The name of the corporation shall be anaco.

4. That the shareholders have adopted said amendment by written consent. That the wording of said amendment as approved by written consent of the shareholders is the same as that set forth above. That said written consent was signed by the holders of outstanding shares necessary to approve said amendment in accordance with Section 902 of the California Corporations Code.

5. That the designation and total number of outstanding shares entitled to vote on or give written consent to said amendment and the minimum percentage vote required of each class or series entitled to vote on or give written consent to said amendment for approval thereof are as follows:

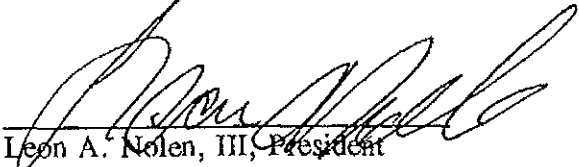
<u>Designation</u>	<u>Number of shares outstanding entitled to vote or give written consent</u>	<u>Minimum percentage vote required to approve</u>
Class A Common	12,418	More than 50 percent

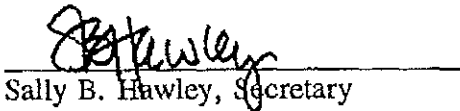
6. That the number of shares of each class which gave written consent in favor of said amendment equaled or exceeded the minimum percentage vote required of each class entitled to vote, as set forth above.

7. That this certificate shall become effective upon filing.

Each of the undersigned declares under penalty of perjury that the statements contained in the foregoing certificate are true of their own knowledge.

Executed at Birmingham, AL on January 3, 1997.


Leon A. Nolen, III, President


Sally B. Hawley, Secretary



State of California

Bill Jones

Secretary of State

P.O. Box 944230
Sacramento, CA 94244-2300
Phone: (916) 657-3537

97020042

STATEMENT BY DOMESTIC STOCK CORPORATION

THIS STATEMENT MUST BE FILED WITH CALIFORNIA SECRETARY OF STATE (SEC. 1502, CORPORATIONS CODE)

A \$10 FILING FEE MUST ACCOMPANY THIS STATEMENT

WHEN COMPLETING FORM, PLEASE USE BLACK TYPEWRITER RIBBON OR BLACK INK

IMPORTANT—Please Read Instructions On Back Of Form

DO NOT ALTER PREPRINTED NAME. IF ITEM NO. 1 IS BLANK, PLEASE ENTER CORPORATE NAME.

1. Anaheim Foundry Company Corp. # 0274524

ENDORSED
FILED

In the office of the Secretary of State
of the State of California

JAN 21 1997

Bill Jones
BILL JONES, Secretary of State

* IF THERE HAS BEEN NO CHANGE IN ANY OF THE INFORMATION ON FILE--PROCEED TO LINE 16.

DO NOT WRITE IN THIS SPACE

THE CALIFORNIA CORPORATION NAMED HEREIN MAKES THE FOLLOWING STATEMENT

2. STREET ADDRESS OF PRINCIPAL EXECUTIVE OFFICE 1927 First Avenue North	ROOM NO. 5th Floor	2A. CITY AND STATE Birmingham, AL	2B. ZIP CODE 35203
3. STREET ADDRESS OF PRINCIPAL BUSINESS OFFICE IN CALIFORNIA (IF ANY) 800 E. Orangethorpe Avenue	ROOM NO.	3A. CITY Anaheim CA	3B. ZIP CODE 92801
4. MAILING ADDRESS 800 E. Orangethorpe Avenue	ROOM NO.	4A. CITY AND STATE Anaheim	4B. ZIP CODE 92801

THE NAMES OF THE FOLLOWING OFFICERS ARE:

Must have these three officers (Sec. 312, Corporations Code). An officer may hold more than one office.

5. CHIEF EXECUTIVE OFFICER Leon A. Nolen, III	5A. STREET ADDRESS (DO NOT USE P.O. BOX) 1927 First Avenue North	5B. CITY AND STATE Birmingham, AL	5C. ZIP CODE 35203
6. SECRETARY Sally B. Hawley	6A. STREET ADDRESS (DO NOT USE P.O. BOX) 1927 First Avenue North	6B. CITY AND STATE Birmingham, AL	6C. ZIP CODE 35203
7. CHIEF FINANCIAL OFFICER Sally B. Hawley	7A. STREET ADDRESS (DO NOT USE P.O. BOX) 1927 First Avenue North	7B. CITY AND STATE Birmingham, AL	7C. ZIP CODE 35203

INCUMBENT DIRECTORS, INCLUDING DIRECTORS WHO ARE ALSO OFFICERS

Officers may also be directors. Must have one or more directors (Chap. 3, Sec. 801a, Corporations Code). Statements not listing directors will be rejected.

8. NAME Leon A. Nolen, III	8A. STREET ADDRESS (DO NOT USE P.O. BOX) 1927 First Avenue North	8B. CITY AND STATE Birmingham, AL	8C. ZIP CODE 35203
9. NAME Sally B. Hawley	9A. STREET ADDRESS (DO NOT USE P.O. BOX) 1927 First Avenue North	9B. CITY AND STATE Birmingham, AL	9C. ZIP CODE 35203
10. NAME	10A. STREET ADDRESS (DO NOT USE P.O. BOX)	10B. CITY AND STATE	10C. ZIP CODE

11. THE NUMBER OF VACANCIES ON THE BOARD OF DIRECTORS, IF ANY: _____

DESIGNATED AGENT FOR SERVICE OF PROCESS (Only one agent may be named and must reside in California.)

12. NAME
C T CORPORATION SYSTEM

13. CALIFORNIA STREET ADDRESS IF AGENT IS AN INDIVIDUAL. (DO NOT USE P.O. BOX) DO NOT INCLUDE ADDRESS IF AGENT IS A CORPORATION.

14. DESCRIBE TYPE OF BUSINESS OF THE CORPORATION NAMED IN ITEM 1.
Coupling & gasket fabrication for soil pipe.

15. I DECLARE THAT I HAVE EXAMINED THIS STATEMENT AND TO THE BEST OF MY KNOWLEDGE AND BELIEF, IT IS TRUE, CORRECT AND COMPLETE.

Sally B. Hawley

TYPE OR PRINT NAME OF SIGNING OFFICER OR AGENT

Sally B. Hawley
SIGNATURE

Secretary

TITLE

1/15/97

DATE

* 16. I DECLARE THERE HAS BEEN NO CHANGE IN THE INFORMATION CONTAINED IN THE LAST STATEMENT OF THE CORPORATION WHICH IS ON FILE IN THE SECRETARY OF STATE'S OFFICE. DOES NOT APPLY ON INITIAL FILING.



(CHECK HERE)

TYPE OR PRINT NAME OF SIGNING OFFICER OR AGENT

SIGNATURE

TITLE

DATE

[Execution Copy]

ASSET ACQUISITION AGREEMENT

THIS ASSET ACQUISITION AGREEMENT dated as of December 15, 1997 ("this Agreement") is entered into by **anaco**, a California corporation ("Seller"), and **Ransom Industries, Inc.**, an Alabama corporation ("Buyer").

Recitals

A. Seller is engaged in the manufacture, sale and distribution of couplings and related products, but specifically excluding any operations or businesses related to the manufacture, production or distribution of soil pipe and utility fittings (the "Business").

B. Buyer desires to purchase from Seller, and Seller desires to sell, transfer and assign to Buyer, substantially all of the assets and properties of the Business as a going concern, and Buyer has agreed to assume those liabilities associated with the Business as specified herein, for the purchase price and upon the terms and subject to the conditions hereinafter set forth.

Agreement

NOW, THEREFORE, in consideration of the foregoing recitals and of the mutual agreements contained herein, Seller and Buyer hereby agree as follows:

ARTICLE 1 - - Purchase and Sale of Assets

SECTION 1.1 Purchase and Sale of Assets. Subject to the terms and conditions of this Agreement, at the Closing, Seller agrees to sell, transfer, convey, assign and deliver to

Buyer, and Buyer agrees to purchase from Seller, all right, title and interest of Seller in and to all of the properties, assets and rights of any nature, kind and description, tangible or intangible (including goodwill), whether real, personal or mixed, whether accrued, contingent or otherwise and whether now existing or hereinafter acquired (other than Excluded Assets), primarily relating to or used or held for use in connection with the Business as the same may exist on the Closing Date (collectively, the "Assets").

Subject to the terms and conditions hereof, at the Closing, the Assets shall be transferred or otherwise conveyed to Buyer free and clear of all liabilities, obligations, liens or encumbrances, excepting only Assumed Liabilities, liens listed on Schedule 2.2 and Permitted Liens. For purposes hereof, "Permitted Liens" shall mean (i) liens reserved against in Seller's balance sheet, (ii) liens for taxes not yet due and payable or which are being contested in good faith and by appropriate proceedings, (iii) liens that, individually and in the aggregate, do not materially detract from the value of any of the property or assets of the Business or materially interfere with the use thereof as currently used, and (iv) obligations under operating and capital leases.

SECTION 1.2 Excluded Assets. Notwithstanding anything to the contrary contained in this Agreement, the following assets are excluded from the definition of Assets and are not to be sold to Buyer under this Agreement (collectively, the "Excluded Assets"):

- (a) rights under this Agreement, the Note and the other agreements, instruments and documents delivered by Buyer in connection herewith; and
- (b) the assets listed on Schedule 1.2.

SECTION 1.3 Assumption of Liabilities. Buyer shall assume, and pay and discharge promptly when due, only those liabilities and obligations relating to the Assets or the Business

that are specifically described on Schedule 1.3 (the "Assumed Liabilities") and all workers' compensation liability of Seller, whether related to the Business or not.

SECTION 1.4 Purchase Price. The purchase price to be paid for the Assets (the "Purchase Price") shall be an amount equal to a written estimate of the Purchase Price (the "Estimated Price") delivered by Seller to Buyer on or before the Closing Date, based on a statement of the Net Asset Value of the Assets and Assumed Liabilities based on the internally prepared balance sheet of the Business as of the last month ended prior to the Closing Date. For purposes of this Agreement, the term "Net Asset Value" shall mean the excess of the book value of the Assets over the Assumed Liabilities. The Purchase Price shall be estimated as of the Closing as provided hereinabove and, at Closing, Buyer shall deliver to Seller a subordinated demand note (the "Note") of Buyer in the principal amount of the Estimated Price in the form of Exhibit A attached hereto. Within 30 days after the Closing, Seller shall certify to Buyer the Purchase Price based on the Net Asset Value as of the Closing Date, determined with reference to an internally generated balance sheet of the Business as of the Closing Date. If the Purchase Price is different from the Estimated Price, Buyer and Seller covenant and agree to amend the Note or execute a replacement note to properly reflect the Purchase Price.

SECTION 1.5 Date, Time and Place of Closing. The sale and purchase of the Assets shall take place at a closing (the "Closing") to be held at 10:00 a.m., Central Standard Time, on December 31, 1997, at the offices of Maynard, Cooper & Gale, P.C., Birmingham, Alabama, or at such other time or place as the parties hereto may mutually agree upon in writing. The date on which the Closing Date occurs is herein referred to as the "Closing Date." All Closing transactions shall take place on the Closing Date simultaneously, and no delivery shall be considered to have been made until all such transactions have been completed. The

parties hereto agree that they will, at any time and from time to time after the Closing Date, upon the request of the other party, do, execute, acknowledge and deliver, or will cause to be done, executed, acknowledged and delivered, all such further acts, deeds, assignments, assumptions, transfers, conveyances, powers of attorney and assurances as may be reasonably required for the better fulfillment of the terms and conditions of this Agreement.

ARTICLE 2 - - Representations and Warranties of Seller

Seller hereby represents and warrants to Buyer as follows:

SECTION 2.1 Organization and Authority. Seller is a corporation duly organized and existing and in good standing under the laws of California, and Seller has full power and authority to own or least its property and assets and to carry on its business as it has been and is conducted. Seller has full power and authority to enter into this Agreement and to consummate the transactions provided for herein. All necessary corporate action has been duly taken by the board of directors of Seller in order to authorize the execution and consummation of this Agreement. Upon execution hereof by Buyer, this Agreement shall be the legal, valid and binding obligation of Seller enforceable in accordance with its terms.

SECTION 2.2 Title to Properties. Seller has good and marketable title to all of the Assets to be transferred hereunder, free and clear of any liabilities, obligations, liens or encumbrances, excepting only Assumed Liabilities, liens listed on Schedule 2.2 and Permitted Liens, and on the Closing Date Buyer shall receive good and marketable title to all of such Assets free and clear of any liabilities, obligations, liens or encumbrances, excepting only Assumed Liabilities, liens listed on Schedule 2.2 and Permitted Liens.

SECTION 2.3 Litigation and Legal Matters. There are no claims, actions, demands, suits, proceedings, or inquiries of, by or before any governmental authority pending, nor, to the knowledge of Seller, threatened against or affecting the Business or the Assets, or the transactions provided for in this Agreement that would have a material adverse effect on the Business or the Assets. The Business is and has been conducted in compliance with, all applicable laws, except where failure to comply would not have a material adverse effect on the Business or the Assets. No consent of any governmental authority or any third party is required in connection with the execution and delivery of this Agreement by Seller or the consummation by Seller of its transactions provided for herein.

SECTION 2.4 Compliance with Other Instruments. Neither the execution and delivery of this Agreement nor the consummation of the sale and other transactions provided for hereunder will conflict with, or result in a breach of, any of the terms and conditions or provisions of any law or any regulation, order, writ, injunction or decree of any court or government instrumentality or the Certificate of Incorporation or Bylaws of Seller, or of any agreement or other instrument to which Seller is bound, or will constitute a default thereunder or result in any lien or encumbrance on any of the Assets.

ARTICLE 3 - - Representations and Warranties of Buyer

Buyer represents and warrants to Seller as follows:

SECTION 3.1 Organization and Authority. Buyer is a corporation duly organized and existing and in good standing under the laws of Alabama, and Buyer has full power and authority to own or lease its property and assets and to carry on its business as it has been and is conducted. Buyer has full power and authority to enter into this Agreement and to

consummate the transactions provided for herein. All necessary corporate action has been duly taken by the board of directors and sole shareholder of Buyer in order to authorize the execution and consummation of this Agreement. Upon execution hereof by Seller, this Agreement shall be the legal, valid and binding obligation of Buyer enforceable in accordance with its terms.

SECTION 3.2 Litigation and Legal Matters. There are no claims, actions, demands, suits, proceedings, or inquiries of, by or before any governmental authority pending, nor, to the knowledge of Buyer, threatened against or affecting Buyer with respect to the transactions provided for in this Agreement. No consent of any governmental authority or any third party is required in connection with the execution and delivery of this Agreement by Buyer or the consummation by Buyer of its transactions provided for herein.

SECTION 3.3 Compliance with Other Instruments. Neither the execution and delivery of this Agreement nor the consummation of the sale and other transactions provided for hereunder will conflict with, or result in a breach of, any of the terms and conditions or provisions of any law or any regulation, order, writ, injunction or decree of any court or government instrumentality or the Articles of Incorporation or Bylaws of Buyer, or of any agreement or other instrument to which Buyer is bound, or will constitute a default thereunder.

ARTICLE 4 - - Covenants of the Seller

SECTION 4.1 Covenants of the Seller.

(a) **Conduct of Business.** From the date hereof to the Closing Date, except as expressly permitted or required by this Agreement or as otherwise consented to by Buyer in writing, Seller covenants and agrees it will:

(i) carry on its business in, and only in, the ordinary course, in substantially the same manner as heretofore conducted, and use all reasonable efforts to preserve intact its present business organization, maintain its properties in good operating condition and repair, keep available the services of its present officers and significant employees and preserve its relationship with customers, suppliers and others having business dealings with it, to the end that its goodwill and going business shall be in all material respects unimpaired following the Closing;

(ii) pay its accounts payable and other obligations when they become due and payable in the ordinary course of business consistent with prior practice;

(iii) perform in all material respects all of its respective obligations under all contracts and other agreements and instruments and comply in all material respects with all applicable laws;

(iv) not enter into or assume any material agreement, contract or instrument, or enter into or permit any material amendment, supplement, waiver or other modification in respect thereof; and

(v) not grant (or commit to grant) any increase in the compensation (including incentive or bonus compensation) of any employee, or institute, adopt or amend (or commit to institute, adopt or amend) any compensation or benefit plan, policy, program or arrangement or collective bargaining agreement applicable to any such employee.

(b) Access and Information. So long as this Agreement remains in effect, Seller will (and will cause each of its accountants, counsel, consultants, employees and agents to) give Buyer, Buyer's prospective lenders and investors, and their respective accountants, counsel, consultants, employees and agents, full access during normal business hours to, and furnish them

with all documents, records, work papers and information with respect to, all of such person's properties, assets, books, contracts, commitments, reports and records, as Buyer shall from time to time reasonably request. In addition, Seller will permit Buyer, Buyer's prospective lenders and investors, and their respective accountants, counsel, consultants, employees and agents, reasonable access to such personnel of Seller during normal business hours as may be necessary or useful to Buyer in its review of the properties, assets and business affairs of the Business and the above-mentioned documents, records and information. Seller will keep Buyer generally informed as to the affairs of the Business.

(c) Further Actions.

(i) Seller agrees to use all reasonably good faith efforts to take all actions and to do all things necessary, proper or advisable to consummate the transactions provided for herein by the Closing Date.

(ii) Seller will, as promptly as practicable, file or supply, or cause to be filed or supplied, all applications, notifications and information required to be filed or supplied by it pursuant to applicable law in connection with this Agreement, the sale and transfer of the Assets pursuant to this Agreement and the consummation of the other transactions provided for herein.

(iii) Seller, as promptly as practicable, will use all reasonable efforts to obtain, or cause to be obtained, all consents (including, without limitation, all governmental approvals and any consents required under any contract) necessary to be obtained by it in order to consummate the sale and transfer of the Assets pursuant to this Agreement and the consummation of the other transactions provided for herein.

ARTICLE 5 - - Covenants of Buyer

SECTION 5.1 General Covenants of Buyer. Buyer hereby covenants and agrees that between the date hereof and the Closing Date Buyer will cooperate with Seller and use its best efforts in promptly taking any and all action appropriate to consummate the transactions provided for in this Agreement, including without limitation obtaining any necessary consents.

(a) **Further Actions.**

(i) Buyer agrees to use all reasonable good faith efforts to take all actions and to do all things necessary, proper or advisable to consummate the transactions provided for herein.

(ii) Buyer will, as promptly as practicable, file or supply, or cause to be filed or supplied, all applications, notifications and information required to be filed or supplied by Buyer pursuant to applicable law in connection with this Agreement and the consummation of the other transactions provided for herein.

ARTICLE 6 - - Conditions Precedent to Obligations of Seller

The obligations of Seller to consummate the transactions provided for in this Agreement are, at the option of Seller, subject to satisfaction of the following conditions at or before the Closing Date:

SECTION 6.1 Representations and Warranties. All of the covenants, terms and conditions of this Agreement to be complied with or performed by Buyer at or before the Closing Date shall have been complied with and performed in all respects. The representations and warranties made by Buyer in this Agreement shall be true and correct in all material respects at and as of the Closing Date with the same force and effect as though such representations and

warranties had been made at and as of the Closing Date, except that any representation or warranty that by its terms is made with reference to a specific date shall have been correct in all respects as of such date.

SECTION 6.2 Delivery of Documents. Buyer shall have duly executed and delivered, or caused to be delivered, to Seller all closing documents to be delivered by Buyer in order to effectuate the transactions provided for herein and shall have delivered the Note.

SECTION 6.3 Governmental Consents. The parties shall have received any and all governmental approvals in order to consummate the transactions provided for in this Agreement, and no suit or proceeding shall be pending by any governmental authority seeking to restrain the parties from consummating the transactions provided for in this Agreement.

ARTICLE 7 - - Conditions Precedent to Buyer's Obligations

The obligations of Buyer to consummate the transactions provided for in this Agreement are, at the option of Buyer, subject to satisfaction of the following conditions at or before the Closing Date:

SECTION 7.1 Representations and Warranties. All the covenants, terms and conditions of this Agreement to be complied with or performed by Seller on or before the Closing Date shall have been complied with and performed in all respects. The representations and warranties made by Seller in this Agreement shall be true and correct in all material respects at and as of the Closing Date with the same force and effect as though such representations and warranties had been made at and as of the Closing Date, except that any representation or warranty that by its terms is made with reference to a specific date shall have been correct in all respects as of such date.

SECTION 7.2 Delivery of Documents. Seller shall have duly executed and delivered, or caused to be delivered, to Buyer all closing documents to be delivered by Seller in order to effectuate the transactions provided for herein.

SECTION 7.3 Governmental Consents. The parties shall have received any and all governmental approvals in order to consummate the transactions provided for in this Agreement, and no suit or proceeding shall be pending by any governmental authority seeking to restrain the parties from consummating the transactions provided for in this Agreement.

ARTICLE 8 - - Termination; Waiver and Amendment

SECTION 8.1 Termination. This Agreement may be terminated in any one of the following ways:

- (a) at any time on or prior to the Closing Date by the mutual consent in writing of Seller and Buyer; or
- (b) on the Closing Date, by Seller, in writing, if the conditions set forth in Article 6 hereof shall not have been met; or
- (c) on the Closing Date, by Buyer, in writing, if the conditions set forth in Article 7 hereof shall have not been met; or
- (d) at any time on or prior to the Closing Date, by Seller in writing, if Buyer, or by Buyer in writing, if Seller, shall have been, or is, in breach of any representation or warranty in any material respect, or in breach of any covenant, undertaking or restriction contained herein, and such breach has not been cured by the earlier of 30 days after the giving of notice to the breaching party of such breach or the Closing Date; or

(e) by Seller or Buyer, if the Closing shall not have occurred on or before January 2, 1998.

SECTION 8.2 Effect of Termination. In the event of the termination of this Agreement pursuant to the provisions of Section 8.1, this Agreement shall become void and have no effect, without any liability to any party in respect hereof or of the transactions provided for herein on the part of any party hereto, or any of its directors, officers, employees, agents, consultants, representatives, advisers, stockholders or affiliates.

ARTICLE 9 - - Miscellaneous

SECTION 9.1 Survival of Representations and Warranties. All representations and warranties made in this Agreement and the other agreements and documents provided for herein or pursuant hereto shall survive the Closing and continue in effect for a period of two years from the Closing Date. No claim may be asserted by any party hereto for a breach of any representation or warranty contained in Articles 2 or 3 unless such claim is asserted against the breaching party in good faith, in writing and in reasonable detail, on or before the second anniversary of the Closing Date. Notwithstanding anything to the contrary contained herein, nothing in this Section 9.1 shall limit the time for asserting or otherwise preclude any claim based upon the actual fraud of any party hereto.

SECTION 9.2 Assignment of Contracts. To the extent that the assignment of any contract, lease, license, commitment, sales order or purchase order to be assigned to Buyer as part of the Assets shall require the consent of any other party, this Agreement shall not constitute an agreement to assign the same if the attempted assignment would constitute a breach thereof. Buyer and Seller agree to use reasonable efforts in each case to obtain each such

consent to the assignment to Buyer and, failing to obtain such consent, will cooperate with each other in order to affect a reasonable arrangement for performance under any such assigned contract.

SECTION 9.3 Notices. Any notice, request, instruction or other document to be given hereunder by either party hereto to the other shall be given in writing, delivered personally or mailed by registered or certified mail, postage paid:

(a) If to Buyer, addressed to:

Ransom Industries, Inc.
1927 First Avenue North
Birmingham, Alabama 35203

(b) If to Seller:

anaco
c/o Ransom Industries, Inc.
1927 First Avenue North
Birmingham, Alabama 35203

SECTION 9.4 Counterparts and Headings. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original instrument, but all of which together shall constitute but one instrument. Any headings used in this Agreement are for convenience only, and only the text of this Agreement shall be binding upon the parties.

SECTION 9.5 Parties in Interest. This Agreement is made solely for the benefit of Buyer and Seller, and no other person, partnership, trust association or corporation shall acquire or have any right under or by virtue of this Agreement. This Agreement shall be binding on the parties hereto and their respective successors and assigns.

SECTION 9.6 Entire Agreement. This Agreement, including the Schedules and Exhibits hereto, constitutes the entire agreement among the parties with respect to the subject

matter hereof and supersedes all prior agreements and understandings of the parties in connection therewith. No covenant or condition not expressed in this Agreement shall affect or be effective to interpret, change or restrict this Agreement. The provisions of this Agreement may not be changed, modified or amended except in writing duly executed by each party hereto.

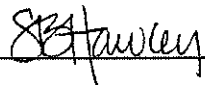
SECTION 9.7 No Waiver. Any of the terms and conditions of this Agreement may be waived at any time and from time to time, in writing, by whichever party thereto is entitled to the benefit of such terms or conditions. The failure of a party to insist upon strict adherence to any term of this Agreement on one or more occasions will not be considered a waiver or deprive that party of the right thereafter to insist upon adherence to that term or any other.

SECTION 9.8 Date of Agreement. The date of this Agreement is intended for the convenient identification of this Agreement and is not intended to indicate that this Agreement was executed or delivered on that date.

SECTION 9.9 Choice of Law. This Agreement shall be governed by and construed according to the laws of the State of Alabama.

IN WITNESS WHEREOF, the parties to this Agreement have duly executed this Agreement.

anaco

By: 
Its: Secretary / Treasurer

Ransom Industries, Inc.

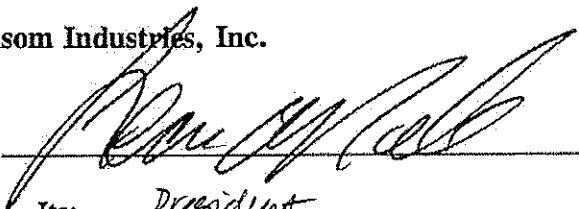
By: 
Its: President

EXHIBIT A

RANSOM INDUSTRIES, INC.

Subordinated Demand Note

\$10,636,107

December 31, 1997

RANSOM INDUSTRIES, INC., an Alabama corporation ("the Company"), for value received, hereby promises to pay to the order of anaco, a California corporation (the "Payee" and, together with any subsequent holder of this Note, the "Holder"), on demand, the principal sum of Ten Millions Six Hundred Thirty-six Thousand One Hundred and Seven United States Dollars (\$10,636,107), and to pay interest from the date hereof until payment in full on the unpaid principal balance of the indebtedness evidenced hereby at a per annum interest rate (calculated on an Actual/Actual Day Basis, as defined below) equal to the LIBOR-Based Rate (as defined below) adjusted on the first day of each month in each year (each such date being herein called an "Interest Determination Date"); provided, however, the interest rate applicable hereunder may be changed from time to time, as the parties may mutually agree in writing.

As used herein, the LIBOR-Based Rate means a fixed rate one percent (100 basis points) in excess of the per annum rate of interest most recently published in *The Wall Street Journal* as of the close of business on the date hereof and on each Interest Determination Date (being the rate quoted for the immediately preceding business day) as the London Interbank Offered Rate for U.S. dollar deposits having a term of one month. The Holder shall determine the LIBOR-Based Rate on the date hereof and on each Interest Determination Date.

If any of the indebtedness evidenced hereby shall not be paid when due, the unpaid principal (and to the extent permitted by applicable law, interest) shall bear interest from the date the same became due until payment in full at a rate of interest equal to two percentage points (200 basis points) in excess of the highest interest rate that would otherwise be payable on the principal indebtedness evidenced by this Note from time to time in the absence of the existence of a default, or the maximum rate permitted by law, whichever is less (the "Default Rate"). As used herein, "Actual/Actual Day Basis" is a method of computing interest and other charges on the basis of the actual number of days elapsed, meaning that the interest accrued for each day will be computed by multiplying the interest rate applicable on that date by the unpaid principal balance of the Subordinated Debt on that day and dividing the result by 365, or 366 in the case of a leap year.

The Company and the Payee recognize and acknowledge that the Payee and the Company have entered into a Credit Agreement dated August 26, 1996, (the "Credit Agreement") with

AmSouth Bank of Alabama ("AmSouth"), under the terms of which AmSouth has extended and may from time to time hereafter extend credit to the Company. All obligations, now existing or hereinafter incurred, of the Company to AmSouth are hereinafter referred to as the "AmSouth Debt". All obligations evidenced by this Note, including principal, interest and other sums payable by the Company to the Holder hereof are hereinafter collectively referred to as the "anaco Subordinated Debt."

The obligations of the Company under this Note shall be governed by and subject to the following provisions:

1. Mode of Payment; Prepayment. The Company shall make all payments required to be made to the Holder under this Note in lawful currency of the United States of America and in immediately available funds at the address of the Payee set out in Section 3(h) below, or at such other place within the continental United States as the Holder hereof may from time to time designate by notice to the Company in writing. Subject to the provisions of Section 3 below, the Company may at any time prepay all or any part of the Subordinated Debt, without premium or penalty. Any such prepayment shall be accompanied by the payment of accrued interest to the date of prepayment on the principal amount prepaid. Except as otherwise required by applicable law, all payments received by the Holder with respect to the Subordinated Debt shall be applied first to expenses, fees and charges, then to interest and then to principal.

2. Note Automatically Due in Certain Events. If demand for payment of the Subordinated Debt has not theretofore been made, the Subordinated Debt shall immediately become due and payable, without any notice or demand of any kind by the Holder hereof, upon the occurrence of any of the following events (whatever the reason therefor and whether voluntary or involuntary or effected by operation by law or pursuant to any judgment, decree, order, rule or regulation of any governmental authority):

(a) default shall be made with respect to the AmSouth Debt, if the effect of such default is to accelerate the maturity of the AmSouth Debt or to permit the holder thereof to cause the AmSouth Debt to become due prior to its stated maturity, or the AmSouth Debt or any part thereof shall not be paid when due (after giving effect to any applicable notice, grace or cure periods); or

(b) the Company shall (i) apply for or consent to the appointment of a receiver, trustee, liquidator or other custodian of the Company or of any of its properties or assets, (ii) fail or admit in writing its inability to pay its debts generally as they become due, (iii) make a general assignment for the benefit of creditors, (iv) suffer or permit an order for relief to be entered against it in any proceeding under the federal Bankruptcy Code or (v) file a voluntary petition in bankruptcy, or a petition or an answer seeking an arrangement with creditors or to take advantage of any bankruptcy, reorganization, insolvency, rearrangement of debt, dissolution or liquidation law or statute, or an answer admitting the material allegations of a petition filed against the Company in any such

proceeding or under any such law or statute, or if corporate action shall be taken by the Company for the purpose of effecting any of the foregoing; or

(c) a petition shall be filed, without the application, approval or consent of the Company, in any court of competent jurisdiction, seeking bankruptcy, reorganization, rearrangement of debt, dissolution or liquidation of the Company or of all or a substantial part of its properties or assets, or seeking any other relief against the Company under any law or statute of the type referred to in clause (b)(v) next above, or the appointment of a receiver, trustee, liquidator or other custodian of the Company or of all or a substantial part of the properties or assets of the Company, and such petition shall not have been stayed or dismissed within 30 days after the filing thereof.

3. Subordination.

(a) General Terms of Subordination. The Company covenants and agrees, and the Payee and each other Holder of this Note, by acceptance hereof, likewise covenants and agrees that, to the extent and in the manner hereinafter set forth in this Section 3, the payment of the Subordinated Debt is hereby expressly made subordinate and subject in right of payment to the prior payment in full of all Senior Debt (as hereinafter defined). As used in this Section 3, the term "Senior Debt" shall mean, with respect to the Company, whether recourse is to all or a portion of the assets of the Company, (i) the AmSouth Debt, (ii) every other obligation of the Company for money borrowed, (iii) every obligation of the Company evidenced by bonds, debentures, notes or other similar instruments, including obligations incurred in connection with the acquisition of property, assets or businesses, (iv) every reimbursement obligation of the Company with respect to letters of credit, bankers' acceptances or similar facilities issued for the account of the Company, (v) every obligation of the Company issued or assumed as the deferred purchase price of property or services, including trade accounts payable and other accrued liabilities, (vi) every capitalized lease obligation of the Company, (vii) every payment obligation of the Company under interest rate swap or similar agreements or foreign currency, hedge, exchange or similar agreements, (viii) every trade payable or other obligation or liability heretofore or hereafter incurred by the Company in the conduct of its business and (ix) every obligation of the type referred to in clauses (i) through (viii) above of another person, and all dividends of another person, the payment of which, in either case, the Company has guaranteed or is responsible or liable for, directly or indirectly, jointly or severally, as obligor, guarantor or otherwise.

(b) Payment Upon Dissolution, etc. In the event of (i) any insolvency or bankruptcy case or proceeding, or any receivership, liquidation, reorganization or other similar case or proceeding in connection therewith, relative to the Company or to its creditors, as such, or to its assets, or (ii) any liquidation, dissolution or other winding up of the Company, whether voluntary or involuntary and whether or not involving insolvency or bankruptcy, or (iii) any assignment for the benefit of creditors or any other

marshalling of assets and liabilities of the Company, then in any such event specified in (i), (ii) or (iii) above (each such event, if any, herein sometimes referred to as a "Proceeding"), the holders of Senior Debt shall be entitled to receive payment in full on all amounts due or to become due on all Senior Debt, or provision shall be made for such payment in cash or cash equivalents or otherwise in a manner satisfactory to the holders of Senior Debt, before the Holder of this Note is entitled to receive any payment or distribution of any kind or character, whether in cash, property or securities, on account of the principal of (or premium, if any) or interest on Subordinated Debt or on account of any purchase or other acquisition of Subordinated Debt by the Company or any subsidiary of the Company (all such payments, distributions, purchases and acquisitions herein referred to, individually and collectively, as a "Subordinated Debt Payment"), and the holders of Senior Debt shall be entitled to receive, for application to the payment thereof, any Subordinated Debt Payment that may be payable or deliverable with respect to Subordinated Debt in any such Proceeding.

In the event that, notwithstanding the foregoing provisions of this subsection (b), the Holder of this Note shall have received any Subordinated Debt Payment before all Senior Debt is paid in full or payment thereof provided for in cash or cash equivalents or otherwise in a manner satisfactory to the holders of Senior Debt, such Subordinated Debt Payment shall be paid over and delivered forthwith by the Holder to the trustee in bankruptcy, receiver, liquidating trustee, custodian, assignee, agent or other person making payment or distribution of the assets of the Company for application to the payment of all Senior Debt remaining unpaid, to the extent necessary to pay all Senior Debt in full, after giving effect to any concurrent payment or distribution to or for the holders of Senior Debt.

For purposes of this Section 3 only, the words "any payment or distribution of any kind or character, whether in cash, property or securities" shall not be deemed to include a payment or distribution of stock or securities of the Company provided for by a plan of reorganization or readjustment authorized by an order or decree of a court of competent jurisdiction in a reorganization proceeding under any applicable bankruptcy law or of any other corporation provided for by such plan of reorganization or readjustment which stock or securities are subordinated in right of payment to all then outstanding Senior Debt to substantially the same extent as the Subordinated Debt is so subordinated as provided in this section. The consolidation of the Company with, or the merger of the Company into, another person or the liquidation or dissolution of the Company following the conveyance or transfer of all or substantially all of its properties and assets as an entirety to another person shall not be deemed a Proceeding for the purposes of this section if (i) the person formed by such consolidation or the entity into which the Company is merged or the person that acquires by conveyance or transfer such properties and assets as an entirety, as the case may be, shall, as a part of such consolidation, merger, conveyance or transfer, have expressly assumed in writing all the liabilities and obligations hereunder and (ii) immediately after giving effect to such transaction, no condition or event shall exist

that constitutes a Senior Payment Default (as defined below) or, after notice or lapse of time or both, would constitute a Senior Payment Default.

(c) No Payment until AmSouth Debt Paid in Full or Thereafter if Senior Debt in Default. Notwithstanding anything to the contrary contained herein, no Subordinated Debt Payment shall be demanded or accepted by the Holder of this Note or made by the Company unless and until the AmSouth Debt shall have been paid in full and AmSouth shall no longer have any obligation to extend any credit to the Company. Thereafter, if any Senior Payment Default shall have occurred and be continuing, no Subordinated Debt Payment shall be demanded, accepted or made unless and until such Senior Payment Default shall have been cured or waived or shall have ceased to exist or all amounts then due and payable with respect to the Senior Debt affected by such Senior Payment Default shall have been paid in full, or provision shall have been made for such payment in cash or cash equivalents or otherwise in a manner satisfactory to the holders of such Senior Debt. "Senior Payment Default" means any default in the payment of principal of (or premium, if any) or interest on any Senior Debt when due, whether at the stated maturity of any such payment or by declaration of acceleration, call for redemption or otherwise. If, notwithstanding the foregoing provisions of this subsection (c), the Company shall make any Subordinated Debt Payment to the Holder of this Note prohibited by the foregoing provisions of this subsection, such Subordinated Debt Payment shall be paid over and delivered forthwith by the Holder to the Company. Nothing contained in this subsection (c) or elsewhere in this Note shall limit the right of the Company and the Holder of this Note to amend this Note or replace the same to increase or decrease the principal amount of this Note in accordance with Section 1.4 of the Asset Acquisition Agreement.

(d) Payment Permitted under Certain Circumstances. Nothing contained in this Section 3 or elsewhere in this Note shall prevent the Company from making any Subordinated Debt Payment at any time after the AmSouth Debt has been paid in full and AmSouth shall no longer have any obligation to extend any credit to the Company and thereafter so long as no Senior Payment Default has occurred and is continuing.

(e) Subrogation to Rights of Holders of Senior Debt. Subject to the payment in full of all amounts due or to become due on or with respect to Senior Debt, or the provision for such payment in cash or cash equivalents or otherwise in a manner satisfactory to the holders of Senior Debt, the Holder of this Note shall be subrogated to the rights of the holders of Senior Debt to receive payments and distributions of cash, property and securities applicable to the Senior Debt until the Subordinated Debt shall be paid in full. For purposes of such subrogation, no payments or distributions to the holders of the Senior Debt of cash, property or securities to which the Holder of this Note would be entitled except for the provisions of this subsection (e), and no payments over or pursuant to the provisions of this Section 3 to the holders of Senior Debt by the Holder of this Note shall, as among the Company, its creditors other than holders of Senior Debt and

the Holder of the Note, be deemed to be a payment or distribution by the Company to or on account of the Senior Debt.

(f) Provisions Solely to Define Relative Rights. The provisions of this Section 3 are and are intended solely for the purpose of defining the relative rights of the Holder of this Note on the one hand and the holders of Senior Debt on the other hand. Nothing contained in this Section 3 or elsewhere in this Note is intended to or shall (i) impair, as among the Company, its creditors other than holders of Senior Debt and the Holder of this Note, the obligation of the Company, which is absolute and unconditional, to pay to the Holder of this Note the Subordinated Debt as and when the same shall become due and payable in accordance with the terms of this Note; or (ii) affect the relative rights against the Company of the Holder of this Note and creditors of the Company other than the holders of Senior Debt; or (iii) prevent the Holder of this Note from exercising all remedies otherwise permitted by applicable law upon default under this Note, subject to the rights under this Section 3 of the holders of Senior Debt to receive cash, property and securities otherwise payable or deliverable to such Holder.

(g) No Waiver of Subordination Provisions. No right of any present or future holder of Senior Debt to enforce subordination as provided in this Section 3 shall at any time or in any way be prejudiced or impaired by any act or failure to act on the part of the Company or by any act or failure to act, in good faith, by any such holder of Senior Debt, or by any noncompliance by the Company with the terms, provisions and covenants of this Note, regardless of any knowledge thereof any such holder of Senior Debt may have or be otherwise charged with. Without in any way limiting the generality of the foregoing, the holders of Senior Debt may, at any time and from time to time, without the consent of or notice to the Holder of this Note, without incurring responsibility to the Holder of this Note and without impairing or releasing the subordination provided for in this Section 3 or the obligations hereunder of the Holder of this Note to the holders of Senior Debt, do any one or more of the following: (i) change the manner, place or terms of payment or extend the time of payment of, or renew or alter, Senior Debt, or otherwise amend or supplement in any manner Senior Debt or any instrument evidencing the same or any agreement under which Senior Debt is outstanding; (ii) permit the Company to borrow, repay and then reborrow any or all of the Senior Debt; (iii) sell, exchange, release or otherwise deal with any property pledged, mortgaged or otherwise securing Senior Debt; (iv) release any person liable in any manner for the payment of Senior Debt; and (v) exercise or refrain from exercising any rights with respect to Senior Debt against the Company and any other person.

(h) Notice to Holder of this Note. After the AmSouth Debt has been paid in full and AmSouth has no further obligation to extend any credit to the Company, the Company shall give prompt written notice to the Holder of this Note of the existence of any Senior Payment Default. Any notice required or permitted to be given to the Holder of this Note by the Company or by a holder of Senior Debt shall be in writing and shall

be sufficient for every purpose hereunder if in writing and sent by either (i) facsimile to the Payee at (205) 995-1941 or at any other facsimile number furnished in writing by such holder of Senior Debt to the Holder of this Note, or (ii) mail, first-class postage prepaid, or by overnight carrier, to the Payee addressed to it at 23 Inverness Center Parkway, Birmingham, Alabama 35242 or at any other address furnished in writing to such holder of Senior Debt by the Holder of this Note. The Holder of this Note shall be entitled to reasonably rely on the delivery to it of a written notice by the person representing himself to be a holder of Senior Debt (or a trustee or agent therefor) to establish that such notice has been given by a holder of Senior Debt (or a trustee or agent therefor).

If the Holder of this Note determines in good faith that further evidence is required with respect to the right of any person as a holder of Senior Debt to participate in any payment or distribution pursuant to this Section 3, the Holder of this Note may request such person to furnish evidence to the reasonable satisfaction of the Holder of this Note as to the amount of Senior Debt held by such person, the extent to which such person is entitled to participate in such payment or distribution and any other facts pertinent to the rights of such person under this Section 3, and if such evidence is not furnished, the Holder of this Note may defer any payment to such person pending judicial determination as to the right of such person to receive such payment.

(i) Reliance on Judicial Order, etc. Upon any payment or distribution of assets of the Company referred to in this Section 3, the Holder of this Note shall be entitled to rely upon any order or decree entered by any court of competent jurisdiction in which a Proceeding is pending, or a certificate of the trustee in bankruptcy, or receiver, liquidating trustee, custodian, assignee for the benefit of creditors, agent or other person making such payment or distribution, delivered to the Holder of this Note, for the purpose of ascertaining the persons entitled to participate in such payment or distribution, the holders of the Senior Debt and other indebtedness of the Company, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to this Section 3.

(j) Holder of Note not Fiduciary for Holders of Senior Debt. The Holder of this Note shall not be deemed to owe any fiduciary duty to the holders of Senior Debt, by virtue of this Section 3 or otherwise.

4. Expenses. Subject to the provisions of Section 3, the Company shall promptly on demand therefor pay all costs and expenses, including the fees and disbursements of counsel to the Holder, incurred by the Holder in connection with (a) the enforcement of any of the rights of the Holder against the Company under this Note or otherwise as to the Subordinated Debt, (b) the exercise by or on behalf of the Holder of any of its rights, powers or remedies hereunder or otherwise as to the Subordinated Debt, (c) the compliance by the Holder with any governmental regulations with respect hereto or with respect to the Subordinated Debt and (d) the prosecution or defense of any action or proceeding by or against or otherwise involving or affecting the

Holder concerning any matter related to this Note or the Subordinated Debt. All such amounts, if not paid within 10 days after written demand by the Holder of this Note to the Company to pay the same, shall bear interest from the date demand is made at the Default Rate and shall be included in the Subordinated Debt. The Company's obligations under this Section 4 shall survive the payment in full of the Subordinated Debt and the cancellation of this Note.

5. Separability Clause. If any provision of this Note shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.

6. Waiver and Election. The exercise by the Holder of this Note of any option given under this Note shall not constitute a waiver of the right to exercise any other option. No failure or delay on the part of the Holder hereof in exercising any right, power or remedy under this Note shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or remedy preclude any further exercise thereof or the exercise of any other right, power or remedy. No modification, termination or waiver of any provisions of this Note, nor any consent to any departure by the Company therefrom, shall be effective unless in writing and signed by an authorized representative of the Holder hereof, and any such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. No notice to or demand on the Company in any case shall entitle the Company to any other or further notice or demand in similar or other circumstances.

7. Usury Laws. Any provision of this Note to the contrary notwithstanding, the Company and the Payee agree that they do not intend for the interest or other consideration provided for in this Note to be greater than the maximum amount permitted by applicable law. Regardless of any provision of this Note, the Holder shall not be entitled to receive, collect or apply, as interest on the Subordinated Debt, any amount in excess of the maximum rate of interest permitted to be charged under applicable law until such time, if any, as that interest, together with all other interest then payable, falls within the then applicable maximum lawful rate of interest. If the Holder shall receive, collect or apply an amount in excess of the then maximum rate of interest, the amount that would be excessive interest shall be applied first to the reduction of the principal amount of the Subordinated Debt (subject to the provisions of Section 3 above) then outstanding, and second, if such principal amount is paid in full, any excess shall forthwith be returned to the Company. In determining whether interest paid or payable under any specific circumstance exceeds the highest lawful rate, the Company and the Holder shall, to the maximum extent permitted under applicable law (a) characterize any non-principal payment as an expense, fee or premium rather than as interest, (b) exclude voluntary prepayments and the effects thereof, (c) consider all the Subordinated Debt as one general obligation of the Company and (d) "spread" the total amount of the interest throughout the entire term of the Note so that the interest rate is uniform throughout the entire term of the Note.

8. Arbitration: Dispute Resolution.

(a) The Company represents that its business and affairs constitute substantial interstate commerce. Except as otherwise specifically set forth below, any action, dispute, claim, counterclaim or controversy ("Dispute" or "Disputes"), between the Company and the Holder hereof, including any claim based on or arising from an alleged tort, shall be resolved by arbitration as set forth below. As used herein, Disputes shall include all actions, disputes, claims, counterclaims or controversies arising in connection with the Note, any collection of the Subordinated Debt, any action taken (or any omission to take any action) in connection with any of the foregoing, any past, present and future agreement between the Company and the Holder hereof (including the Note), and any past, present or future transactions between the Company and the Holder hereof. Without limiting the generality of the foregoing, Disputes shall include actions commonly referred to as lender liability actions.

(b) All Disputes shall be resolved by binding arbitration in accordance with Title 9 of the U.S. Code and the Commercial Arbitration Rules of the American Arbitration Association (the "AAA"). Defenses based on statutes of limitation, estoppel, waiver, laches and similar doctrines, that would otherwise be applicable to an action brought by a party, shall be applicable in any such arbitration proceeding, and the commencement of an arbitration proceeding with respect to this Note or the Subordinated Debt shall be deemed the commencement of an action for such purposes.

(c) Notwithstanding the foregoing, the Company agrees that the Holder of this Note shall have the option, but not the obligation, to submit to and pursue in a court of law any claim against the Company with respect to the Note or the Subordinated Debt for a debt due. The Company agrees that, if the Holder hereof pursues such a claim in a court of law, (1) failure of the Holder to assert any additional claim in such proceeding shall not be deemed a waiver of, or estoppel to pursue, such claim as a claim or counterclaim in arbitration as set forth above, and (2) the institution or maintenance of a judicial action hereunder shall not constitute a waiver of the right of any party to submit any other action, dispute, claim or controversy as described above, even though arising out of the same transaction or occurrence, to binding arbitration as set forth herein. If the Company asserts a claim against the Holder hereof in arbitration or otherwise during the pendency of a claim brought by the Holder hereof in a court of law, the court action shall be stayed and the parties shall submit all claims to arbitration.

(d) No provision of, nor the exercise of any rights, under this section shall limit the right of any party to exercise self-help remedies such as set-off or to obtain provisional or ancillary remedies such as injunctive relief, attachment or the appointment of a receiver from a court having jurisdiction before, during or after the pendency of any arbitration or referral. The institution and maintenance of an action for judicial relief or pursuit of provisional or ancillary remedies or exercise of self-help remedies shall not constitute a

waiver of the right of any party, including the plaintiff in such an action, to submit the Dispute to arbitration or, in the case of actions on a debt, to judicial resolution.

(e) Whenever an arbitration is required hereunder, the arbitrator shall be selected in accordance with the Commercial Arbitration Rules of the AAA. The AAA shall designate a panel of 10 potential arbitrators knowledgeable in the subject matter of the Dispute. Each of the Holder hereof and the Company shall designate, within 30 days of the receipt of the list of potential arbitrators, one of the potential arbitrators to serve, and the two arbitrators so designated shall select a third arbitrator from the eight remaining potential arbitrators. The panel of three arbitrators shall determine the resolution of the Dispute. The arbitration proceedings shall be conducted in Jefferson County, Alabama.

9. Successors and Assigns. The provisions of this Note shall be binding upon and inure to the benefit of the Company and the Holder and their respective successors and assigns.

10. Governing Law. This Note shall be construed in accordance with and governed by Title 9 of the U.S. Code and the laws of the State of Alabama.

11. General Provisions. The Company expressly waives any presentment, demand, protest or notice in connection with this Note, now or hereafter required by applicable law, except such notice as shall be expressly required by the terms of this Note. Time is of the essence of this Note.

THIS IS A DEMAND NOTE, AND THE HOLDER HEREOF SHALL HAVE THE UNLIMITED AND UNRESTRICTED RIGHT TO DEMAND PAYMENT OF THE INDEBTEDNESS EVIDENCED HEREBY (SUBJECT ONLY TO THE PROVISIONS OF SECTION 3 HEREOF) AT ANY TIME AND IN THE HOLDER'S ABSOLUTE SOLE DISCRETION, REGARDLESS OF WHETHER OR NOT ANY EVENT OF DEFAULT HAS OCCURRED OR ANY OTHER CIRCUMSTANCE WHATSOEVER, NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS NOTE. THE COMPANY AGREES AND ACKNOWLEDGES THAT SUCH RIGHT OF THE HOLDER TO DEMAND PAYMENT IS NOT AND SHALL NOT BE SUBJECT TO THE PROVISIONS OF SECTION 7-1-208 OF THE ALABAMA UNIFORM COMMERCIAL CODE OR ANY OTHER STATUTE OR PRINCIPLE OF LAW IMPOSING ANY OBLIGATION OF GOOD FAITH, FAIR DEALING OR OTHERWISE THAT MIGHT IN ANY WAY LIMIT OR RESTRICT SUCH RIGHT OF THE HOLDER TO DEMAND PAYMENT AT ANY TIME (SUBJECT ONLY TO THE PROVISIONS OF SECTION 3 HEREOF).

IN WITNESS WHEREOF, the Company has caused this Note to be dated the date hereof and to be duly executed and delivered under seal by its duly authorized officers.

RANSOM INDUSTRIES, INC.

By: _____
Its President

ATTEST:

By: _____
Its Secretary

[Affix corporate seal]

Schedule 1.2

(Excluded Assets)

All real property, including without limitation land and buildings located at 125 Commercial Street, Anaheim, California.

Capital Lease dated June 24, 1994 between anaco and ABB Credit, Inc.

Schedule 1.3
(Assumed Liabilities)

The following liabilities arising out of the Business:

- all trade payables.
- intercompany accounts payable.
- all accrued liabilities, including:
 - payroll;
 - interest;
 - taxes (other than income); and
 - health insurance and workers' compensation.
- deferred taxes payable.

Schedule 2.2

(Liens)

None, other than liens in favor of AmSouth Bank of Alabama.

RANSOM INDUSTRIES, INC.

Subordinated Demand Note

\$10,636,107

December 31, 1997

RANSOM INDUSTRIES, INC., an Alabama corporation ("the Company"), for value received, hereby promises to pay to the order of anaco, a California corporation (the "Payee" and, together with any subsequent holder of this Note, the "Holder"), on demand, the principal sum of Ten Millions Six Hundred Thirty-six Thousand One Hundred and Seven United States Dollars (\$10,636,107), and to pay interest from the date hereof until payment in full on the unpaid principal balance of the indebtedness evidenced hereby at a per annum interest rate (calculated on an Actual/Actual Day Basis, as defined below) equal to the LIBOR-Based Rate (as defined below) adjusted on the first day of each month in each year (each such date being herein called an "Interest Determination Date"); provided, however, the interest rate applicable hereunder may be changed from time to time, as the parties may mutually agree in writing.

As used herein, the LIBOR-Based Rate means a fixed rate one percent (100 basis points) in excess of the per annum rate of interest most recently published in *The Wall Street Journal* as of the close of business on the date hereof and on each Interest Determination Date (being the rate quoted for the immediately preceding business day) as the London Interbank Offered Rate for U.S. dollar deposits having a term of one month. The Holder shall determine the LIBOR-Based Rate on the date hereof and on each Interest Determination Date.

If any of the indebtedness evidenced hereby shall not be paid when due, the unpaid principal (and to the extent permitted by applicable law, interest) shall bear interest from the date the same became due until payment in full at a rate of interest equal to two percentage points (200 basis points) in excess of the highest interest rate that would otherwise be payable on the principal indebtedness evidenced by this Note from time to time in the absence of the existence of a default, or the maximum rate permitted by law, whichever is less (the "Default Rate"). As used herein, "Actual/Actual Day Basis" is a method of computing interest and other charges on the basis of the actual number of days elapsed, meaning that the interest accrued for each day will be computed by multiplying the interest rate applicable on that date by the unpaid principal balance of the Subordinated Debt on that day and dividing the result by 365, or 366 in the case of a leap year.

The Company and the Payee recognize and acknowledge that the Payee and the Company have entered into a Credit Agreement dated August 26, 1996, (the "Credit Agreement") with

AmSouth Bank of Alabama ("AmSouth"), under the terms of which AmSouth has extended and may from time to time hereafter extend credit to the Company. All obligations, now existing or hereinafter incurred, of the Company to AmSouth are hereinafter referred to as the "AmSouth Debt". All obligations evidenced by this Note, including principal, interest and other sums payable by the Company to the Holder hereof are hereinafter collectively referred to as the "anaco Subordinated Debt."

The obligations of the Company under this Note shall be governed by and subject to the following provisions:

1. Mode of Payment; Prepayment. The Company shall make all payments required to be made to the Holder under this Note in lawful currency of the United States of America and in immediately available funds at the address of the Payee set out in Section 3(h) below, or at such other place within the continental United States as the Holder hereof may from time to time designate by notice to the Company in writing. Subject to the provisions of Section 3 below, the Company may at any time prepay all or any part of the Subordinated Debt, without premium or penalty. Any such prepayment shall be accompanied by the payment of accrued interest to the date of prepayment on the principal amount prepaid. Except as otherwise required by applicable law, all payments received by the Holder with respect to the Subordinated Debt shall be applied first to expenses, fees and charges, then to interest and then to principal.

2. Note Automatically Due in Certain Events. If demand for payment of the Subordinated Debt has not theretofore been made, the Subordinated Debt shall immediately become due and payable, without any notice or demand of any kind by the Holder hereof, upon the occurrence of any of the following events (whatever the reason therefor and whether voluntary or involuntary or effected by operation of law or pursuant to any judgment, decree, order, rule or regulation of any governmental authority):

(a) default shall be made with respect to the AmSouth Debt, if the effect of such default is to accelerate the maturity of the AmSouth Debt or to permit the holder thereof to cause the AmSouth Debt to become due prior to its stated maturity, or the AmSouth Debt or any part thereof shall not be paid when due (after giving effect to any applicable notice, grace or cure periods); or

(b) the Company shall (i) apply for or consent to the appointment of a receiver, trustee, liquidator or other custodian of the Company or of any of its properties or assets, (ii) fail or admit in writing its inability to pay its debts generally as they become due, (iii) make a general assignment for the benefit of creditors, (iv) suffer or permit an order for relief to be entered against it in any proceeding under the federal Bankruptcy Code or (v) file a voluntary petition in bankruptcy, or a petition or an answer seeking an arrangement with creditors or to take advantage of any bankruptcy, reorganization, insolvency, rearrangement of debt, dissolution or liquidation law or statute, or an answer admitting the material allegations of a petition filed against the Company in any such

proceeding or under any such law or statute, or if corporate action shall be taken by the Company for the purpose of effecting any of the foregoing; or

(c) a petition shall be filed, without the application, approval or consent of the Company, in any court of competent jurisdiction, seeking bankruptcy, reorganization, rearrangement of debt, dissolution or liquidation of the Company or of all or a substantial part of its properties or assets, or seeking any other relief against the Company under any law or statute of the type referred to in clause (b)(v) next above, or the appointment of a receiver, trustee, liquidator or other custodian of the Company or of all or a substantial part of the properties or assets of the Company, and such petition shall not have been stayed or dismissed within 30 days after the filing thereof.

3. Subordination.

(a) General Terms of Subordination. The Company covenants and agrees, and the Payee and each other Holder of this Note, by acceptance hereof, likewise covenants and agrees that, to the extent and in the manner hereinafter set forth in this Section 3, the payment of the Subordinated Debt is hereby expressly made subordinate and subject in right of payment to the prior payment in full of all Senior Debt (as hereinafter defined). As used in this Section 3, the term "Senior Debt" shall mean, with respect to the Company, whether recourse is to all or a portion of the assets of the Company, (i) the AmSouth Debt, (ii) every other obligation of the Company for money borrowed, (iii) every obligation of the Company evidenced by bonds, debentures, notes or other similar instruments, including obligations incurred in connection with the acquisition of property, assets or businesses, (iv) every reimbursement obligation of the Company with respect to letters of credit, bankers' acceptances or similar facilities issued for the account of the Company, (v) every obligation of the Company issued or assumed as the deferred purchase price of property or services, including trade accounts payable and other accrued liabilities, (vi) every capitalized lease obligation of the Company, (vii) every payment obligation of the Company under interest rate swap or similar agreements or foreign currency, hedge, exchange or similar agreements, (viii) every trade payable or other obligation or liability heretofore or hereafter incurred by the Company in the conduct of its business and (ix) every obligation of the type referred to in clauses (i) through (viii) above of another person, and all dividends of another person, the payment of which, in either case, the Company has guaranteed or is responsible or liable for, directly or indirectly, jointly or severally, as obligor, guarantor or otherwise.

(b) Payment Upon Dissolution, etc. In the event of (i) any insolvency or bankruptcy case or proceeding, or any receivership, liquidation, reorganization or other similar case or proceeding in connection therewith, relative to the Company or to its creditors, as such, or to its assets, or (ii) any liquidation, dissolution or other winding up of the Company, whether voluntary or involuntary and whether or not involving insolvency or bankruptcy, or (iii) any assignment for the benefit of creditors or any other

marshalling of assets and liabilities of the Company, then in any such event specified in (i), (ii) or (iii) above (each such event, if any, herein sometimes referred to as a "Proceeding"), the holders of Senior Debt shall be entitled to receive payment in full on all amounts due or to become due on all Senior Debt, or provision shall be made for such payment in cash or cash equivalents or otherwise in a manner satisfactory to the holders of Senior Debt, before the Holder of this Note is entitled to receive any payment or distribution of any kind or character, whether in cash, property or securities, on account of the principal of (or premium, if any) or interest on Subordinated Debt or on account of any purchase or other acquisition of Subordinated Debt by the Company or any subsidiary of the Company (all such payments, distributions, purchases and acquisitions herein referred to, individually and collectively, as a "Subordinated Debt Payment"), and the holders of Senior Debt shall be entitled to receive, for application to the payment thereof, any Subordinated Debt Payment that may be payable or deliverable with respect to Subordinated Debt in any such Proceeding.

In the event that, notwithstanding the foregoing provisions of this subsection (b), the Holder of this Note shall have received any Subordinated Debt Payment before all Senior Debt is paid in full or payment thereof provided for in cash or cash equivalents or otherwise in a manner satisfactory to the holders of Senior Debt, such Subordinated Debt Payment shall be paid over and delivered forthwith by the Holder to the trustee in bankruptcy, receiver, liquidating trustee, custodian, assignee, agent or other person making payment or distribution of the assets of the Company for application to the payment of all Senior Debt remaining unpaid, to the extent necessary to pay all Senior Debt in full, after giving effect to any concurrent payment or distribution to or for the holders of Senior Debt.

For purposes of this Section 3 only, the words "any payment or distribution of any kind or character, whether in cash, property or securities" shall not be deemed to include a payment or distribution of stock or securities of the Company provided for by a plan of reorganization or readjustment authorized by an order or decree of a court of competent jurisdiction in a reorganization proceeding under any applicable bankruptcy law or of any other corporation provided for by such plan of reorganization or readjustment which stock or securities are subordinated in right of payment to all then outstanding Senior Debt to substantially the same extent as the Subordinated Debt is so subordinated as provided in this section. The consolidation of the Company with, or the merger of the Company into, another person or the liquidation or dissolution of the Company following the conveyance or transfer of all or substantially all of its properties and assets as an entirety to another person shall not be deemed a Proceeding for the purposes of this section if (i) the person formed by such consolidation or the entity into which the Company is merged or the person that acquires by conveyance or transfer such properties and assets as an entirety, as the case may be, shall, as a part of such consolidation, merger, conveyance or transfer, have expressly assumed in writing all the liabilities and obligations hereunder and (ii) immediately after giving effect to such transaction, no condition or event shall exist

that constitutes a Senior Payment Default (as defined below) or, after notice or lapse of time or both, would constitute a Senior Payment Default.

(c) No Payment until AmSouth Debt Paid in Full or Thereafter if Senior Debt in Default. Notwithstanding anything to the contrary contained herein, no Subordinated Debt Payment shall be demanded or accepted by the Holder of this Note or made by the Company unless and until the AmSouth Debt shall have been paid in full and AmSouth shall no longer have any obligation to extend any credit to the Company. Thereafter, if any Senior Payment Default shall have occurred and be continuing, no Subordinated Debt Payment shall be demanded, accepted or made unless and until such Senior Payment Default shall have been cured or waived or shall have ceased to exist or all amounts then due and payable with respect to the Senior Debt affected by such Senior Payment Default shall have been paid in full, or provision shall have been made for such payment in cash or cash equivalents or otherwise in a manner satisfactory to the holders of such Senior Debt. "Senior Payment Default" means any default in the payment of principal of (or premium, if any) or interest on any Senior Debt when due, whether at the stated maturity of any such payment or by declaration of acceleration, call for redemption or otherwise. If, notwithstanding the foregoing provisions of this subsection (c), the Company shall make any Subordinated Debt Payment to the Holder of this Note prohibited by the foregoing provisions of this subsection, such Subordinated Debt Payment shall be paid over and delivered forthwith by the Holder to the Company. Nothing contained in this subsection (c) or elsewhere in this Note shall limit the right of the Company and the Holder of this Note to amend this Note or replace the same to increase or decrease the principal amount of this Note in accordance with Section 1.4 of the Asset Acquisition Agreement.

(d) Payment Permitted under Certain Circumstances. Nothing contained in this Section 3 or elsewhere in this Note shall prevent the Company from making any Subordinated Debt Payment at any time after the AmSouth Debt has been paid in full and AmSouth shall no longer have any obligation to extend any credit to the Company and thereafter so long as no Senior Payment Default has occurred and is continuing.

(e) Subrogation to Rights of Holders of Senior Debt. Subject to the payment in full of all amounts due or to become due on or with respect to Senior Debt, or the provision for such payment in cash or cash equivalents or otherwise in a manner satisfactory to the holders of Senior Debt, the Holder of this Note shall be subrogated to the rights of the holders of Senior Debt to receive payments and distributions of cash, property and securities applicable to the Senior Debt until the Subordinated Debt shall be paid in full. For purposes of such subrogation, no payments or distributions to the holders of the Senior Debt of cash, property or securities to which the Holder of this Note would be entitled except for the provisions of this subsection (e), and no payments over or pursuant to the provisions of this Section 3 to the holders of Senior Debt by the Holder of this Note shall, as among the Company, its creditors other than holders of Senior Debt and

the Holder of the Note, be deemed to be a payment or distribution by the Company to or on account of the Senior Debt.

(f) Provisions Solely to Define Relative Rights. The provisions of this Section 3 are and are intended solely for the purpose of defining the relative rights of the Holder of this Note on the one hand and the holders of Senior Debt on the other hand. Nothing contained in this Section 3 or elsewhere in this Note is intended to or shall (i) impair, as among the Company, its creditors other than holders of Senior Debt and the Holder of this Note, the obligation of the Company, which is absolute and unconditional, to pay to the Holder of this Note the Subordinated Debt as and when the same shall become due and payable in accordance with the terms of this Note; or (ii) affect the relative rights against the Company of the Holder of this Note and creditors of the Company other than the holders of Senior Debt; or (iii) prevent the Holder of this Note from exercising all remedies otherwise permitted by applicable law upon default under this Note, subject to the rights under this Section 3 of the holders of Senior Debt to receive cash, property and securities otherwise payable or deliverable to such Holder.

(g) No Waiver of Subordination Provisions. No right of any present or future holder of Senior Debt to enforce subordination as provided in this Section 3 shall at any time or in any way be prejudiced or impaired by any act or failure to act on the part of the Company or by any act or failure to act, in good faith, by any such holder of Senior Debt, or by any noncompliance by the Company with the terms, provisions and covenants of this Note, regardless of any knowledge thereof any such holder of Senior Debt may have or be otherwise charged with. Without in any way limiting the generality of the foregoing, the holders of Senior Debt may, at any time and from time to time, without the consent of or notice to the Holder of this Note, without incurring responsibility to the Holder of this Note and without impairing or releasing the subordination provided for in this Section 3 or the obligations hereunder of the Holder of this Note to the holders of Senior Debt, do any one or more of the following: (i) change the manner, place or terms of payment or extend the time of payment of, or renew or alter, Senior Debt, or otherwise amend or supplement in any manner Senior Debt or any instrument evidencing the same or any agreement under which Senior Debt is outstanding; (ii) permit the Company to borrow, repay and then reborrow any or all of the Senior Debt; (iii) sell, exchange, release or otherwise deal with any property pledged, mortgaged or otherwise securing Senior Debt; (iv) release any person liable in any manner for the payment of Senior Debt; and (v) exercise or refrain from exercising any rights with respect to Senior Debt against the Company and any other person.

(h) Notice to Holder of this Note. After the AmSouth Debt has been paid in full and AmSouth has no further obligation to extend any credit to the Company, the Company shall give prompt written notice to the Holder of this Note of the existence of any Senior Payment Default. Any notice required or permitted to be given to the Holder of this Note by the Company or by a holder of Senior Debt shall be in writing and shall

be sufficient for every purpose hereunder if in writing and sent by either (i) facsimile to the Payee at (205) 995-1941 or at any other facsimile number furnished in writing by such holder of Senior Debt to the Holder of this Note, or (ii) mail, first-class postage prepaid, or by overnight carrier, to the Payee addressed to it at 23 Inverness Center Parkway, Birmingham, Alabama 35242 or at any other address furnished in writing to such holder of Senior Debt by the Holder of this Note. The Holder of this Note shall be entitled to reasonably rely on the delivery to it of a written notice by the person representing himself to be a holder of Senior Debt (or a trustee or agent therefor) to establish that such notice has been given by a holder of Senior Debt (or a trustee or agent therefor).

If the Holder of this Note determines in good faith that further evidence is required with respect to the right of any person as a holder of Senior Debt to participate in any payment or distribution pursuant to this Section 3, the Holder of this Note may request such person to furnish evidence to the reasonable satisfaction of the Holder of this Note as to the amount of Senior Debt held by such person, the extent to which such person is entitled to participate in such payment or distribution and any other facts pertinent to the rights of such person under this Section 3, and if such evidence is not furnished, the Holder of this Note may defer any payment to such person pending judicial determination as to the right of such person to receive such payment.

(i) Reliance on Judicial Order, etc. Upon any payment or distribution of assets of the Company referred to in this Section 3, the Holder of this Note shall be entitled to rely upon any order or decree entered by any court of competent jurisdiction in which a Proceeding is pending, or a certificate of the trustee in bankruptcy, or receiver, liquidating trustee, custodian, assignee for the benefit of creditors, agent or other person making such payment or distribution, delivered to the Holder of this Note, for the purpose of ascertaining the persons entitled to participate in such payment or distribution, the holders of the Senior Debt and other indebtedness of the Company, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to this Section 3.

(j) Holder of Note not Fiduciary for Holders of Senior Debt. The Holder of this Note shall not be deemed to owe any fiduciary duty to the holders of Senior Debt, by virtue of this Section 3 or otherwise.

4. Expenses. Subject to the provisions of Section 3, the Company shall promptly on demand therefor pay all costs and expenses, including the fees and disbursements of counsel to the Holder, incurred by the Holder in connection with (a) the enforcement of any of the rights of the Holder against the Company under this Note or otherwise as to the Subordinated Debt, (b) the exercise by or on behalf of the Holder of any of its rights, powers or remedies hereunder or otherwise as to the Subordinated Debt, (c) the compliance by the Holder with any governmental regulations with respect hereto or with respect to the Subordinated Debt and (d) the prosecution or defense of any action or proceeding by or against or otherwise involving or affecting the

Holder concerning any matter related to this Note or the Subordinated Debt. All such amounts, if not paid within 10 days after written demand by the Holder of this Note to the Company to pay the same, shall bear interest from the date demand is made at the Default Rate and shall be included in the Subordinated Debt. The Company's obligations under this Section 4 shall survive the payment in full of the Subordinated Debt and the cancellation of this Note.

5. Separability Clause. If any provision of this Note shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.

6. Waiver and Election. The exercise by the Holder of this Note of any option given under this Note shall not constitute a waiver of the right to exercise any other option. No failure or delay on the part of the Holder hereof in exercising any right, power or remedy under this Note shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or remedy preclude any further exercise thereof or the exercise of any other right, power or remedy. No modification, termination or waiver of any provisions of this Note, nor any consent to any departure by the Company therefrom, shall be effective unless in writing and signed by an authorized representative of the Holder hereof, and any such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. No notice to or demand on the Company in any case shall entitle the Company to any other or further notice or demand in similar or other circumstances.

7. Usury Laws. Any provision of this Note to the contrary notwithstanding, the Company and the Payee agree that they do not intend for the interest or other consideration provided for in this Note to be greater than the maximum amount permitted by applicable law. Regardless of any provision of this Note, the Holder shall not be entitled to receive, collect or apply, as interest on the Subordinated Debt, any amount in excess of the maximum rate of interest permitted to be charged under applicable law until such time, if any, as that interest, together with all other interest then payable, falls within the then applicable maximum lawful rate of interest. If the Holder shall receive, collect or apply an amount in excess of the then maximum rate of interest, the amount that would be excessive interest shall be applied first to the reduction of the principal amount of the Subordinated Debt (subject to the provisions of Section 3 above) then outstanding, and second, if such principal amount is paid in full, any excess shall forthwith be returned to the Company. In determining whether interest paid or payable under any specific circumstance exceeds the highest lawful rate, the Company and the Holder shall, to the maximum extent permitted under applicable law (a) characterize any non-principal payment as an expense, fee or premium rather than as interest, (b) exclude voluntary prepayments and the effects thereof, (c) consider all the Subordinated Debt as one general obligation of the Company and (d) "spread" the total amount of the interest throughout the entire term of the Note so that the interest rate is uniform throughout the entire term of the Note.

8. Arbitration; Dispute Resolution.

(a) The Company represents that its business and affairs constitute substantial interstate commerce. Except as otherwise specifically set forth below, any action, dispute, claim, counterclaim or controversy ("Dispute" or "Disputes"), between the Company and the Holder hereof, including any claim based on or arising from an alleged tort, shall be resolved by arbitration as set forth below. As used herein, Disputes shall include all actions, disputes, claims, counterclaims or controversies arising in connection with the Note, any collection of the Subordinated Debt, any action taken (or any omission to take any action) in connection with any of the foregoing, any past, present and future agreement between the Company and the Holder hereof (including the Note), and any past, present or future transactions between the Company and the Holder hereof. Without limiting the generality of the foregoing, Disputes shall include actions commonly referred to as lender liability actions.

(b) All Disputes shall be resolved by binding arbitration in accordance with Title 9 of the U.S. Code and the Commercial Arbitration Rules of the American Arbitration Association (the "AAA"). Defenses based on statutes of limitation, estoppel, waiver, laches and similar doctrines, that would otherwise be applicable to an action brought by a party, shall be applicable in any such arbitration proceeding, and the commencement of an arbitration proceeding with respect to this Note or the Subordinated Debt shall be deemed the commencement of an action for such purposes.

(c) Notwithstanding the foregoing, the Company agrees that the Holder of this Note shall have the option, but not the obligation, to submit to and pursue in a court of law any claim against the Company with respect to the Note or the Subordinated Debt for a debt due. The Company agrees that, if the Holder hereof pursues such a claim in a court of law, (1) failure of the Holder to assert any additional claim in such proceeding shall not be deemed a waiver of, or estoppel to pursue, such claim as a claim or counterclaim in arbitration as set forth above, and (2) the institution or maintenance of a judicial action hereunder shall not constitute a waiver of the right of any party to submit any other action, dispute, claim or controversy as described above, even though arising out of the same transaction or occurrence, to binding arbitration as set forth herein. If the Company asserts a claim against the Holder hereof in arbitration or otherwise during the pendency of a claim brought by the Holder hereof in a court of law, the court action shall be stayed and the parties shall submit all claims to arbitration.

(d) No provision of, nor the exercise of any rights, under this section shall limit the right of any party to exercise self-help remedies such as set-off or to obtain provisional or ancillary remedies such as injunctive relief, attachment or the appointment of a receiver from a court having jurisdiction before, during or after the pendency of any arbitration or referral. The institution and maintenance of an action for judicial relief or pursuit of provisional or ancillary remedies or exercise of self-help remedies shall not constitute a

APPLICATION FOR SELLER'S PERMIT AND REGISTRATION AS A RETAILER (CORPORATIONS/LIMITED LIABILITY COMPANY/ORGANIZATIONS)

STATE OF CALIFORNIA
BOARD OF EQUALIZATION

SECTION I: OWNERSHIP INFORMATION

1. PLEASE CHECK TYPE OF OWNERSHIP

- ☐ Corporation ☐ Limited Liability Company (LLC)
☐ Unincorporated Business Trust
☐ Other _____

Photocopy of
Driver's License and
Social Security Card
is required
See instruction number 6

FOR BOARD USE ONLY

TAX	OFFICE	NUMBER
S		
BUSINESS CODE		AREA CODE
PREPARER		VERIFICATION: <input type="checkbox"/> SSN <input type="checkbox"/> DL <input type="checkbox"/> Other

2. IF CORPORATION, ENTER FULL CORPORATE NAME. IF LIMITED LIABILITY CO. (LLC), ENTER FULL LLC NAME. IF ORGANIZATION, ENTER FULL ORGANIZATION NAME

3. FEDERAL EMPLOYER IDENTIFICATION NUMBER (FEIN)

4. CORPORATE OR LLC NUMBER/STATE OF INCORPORATION OR ORGANIZATION

Please check appropriate title and use additional sheet to include information about additional co-owners or members.

	<input type="checkbox"/> President <input type="checkbox"/> Manager <input type="checkbox"/> Member <input type="checkbox"/> Trustee <input type="checkbox"/> Beneficiary	<input type="checkbox"/> Vice-Pres. <input type="checkbox"/> Manager <input type="checkbox"/> Member <input type="checkbox"/> Trustee <input type="checkbox"/> Beneficiary	<input type="checkbox"/> Secretary <input type="checkbox"/> Manager <input type="checkbox"/> Member <input type="checkbox"/> Trustee <input type="checkbox"/> Beneficiary	<input type="checkbox"/> Treasurer <input type="checkbox"/> Manager <input type="checkbox"/> Member <input type="checkbox"/> Trustee <input type="checkbox"/> Beneficiary
5. FULL NAME (incl. mid.name)				
6. ADDRESS (residence)				
7. TELEPHONE (residence)	()	()	()	()
8. DAYTIME TELEPHONE	()	()	()	()
9. SOCIAL SECURITY NO.				
10. DRIVER'S LICENSE NO.				
11. SIGNATURE				

SECTION II: BUSINESS INFORMATION

1. BUSINESS NAME				BUSINESS TELEPHONE ()			
2. BUSINESS ADDRESS (DO NOT LIST P.O. BOX OR MAILING SERVICE) CITY				STATE		ZIP CODE	
3. MAILING ADDRESS (IF DIFFERENT FROM NO. 2 ABOVE) CITY				STATE		ZIP CODE	
4. DATE YOU WILL BEGIN SALES (month, day, & year)		DAYS & HOURS OF OPERATION		Sun.	Mon.	Tue.	Wed.
				Thurs.	Fri.	Sat.	
5. DESCRIPTION OF BUSINESS							
A. WHAT WILL YOU SELL?							
B. CHECK THE APPROPRIATE BOX				C. CHECK THE APPROPRIATE BOX			
<input type="checkbox"/> Retail <input type="checkbox"/> Wholesale <input type="checkbox"/> Manufacturing <input type="checkbox"/> Repair <input type="checkbox"/> Service <input type="checkbox"/> Construction Contractor				<input type="checkbox"/> Full-time <input type="checkbox"/> Part-time <input type="checkbox"/> Mail-order			
D. ARE YOU							
<input type="checkbox"/> Starting a new business <input type="checkbox"/> Adding/dropping partner? <input type="checkbox"/> Buying a business? <input type="checkbox"/> Other?							
IF BUYING A BUSINESS, PLEASE INDICATE NAME AND ACCOUNT NO. OF FORMER OWNER				E. PURCHASE PRICE		VALUE OF FIXTURES AND EQUIPMENT	
				\$		\$	
6. IF AN ESCROW COMPANY IS REQUESTING A TAX CLEARANCE ON YOUR BEHALF, PLEASE LIST THEIR NAME, ADDRESS, TELEPHONE NUMBER AND THE ESCROW NUMBER							
7. HOW MANY SELLING LOCATIONS WILL YOU HAVE? (IF 2 OR MORE ATTACH LIST OF ALL LOCATIONS)							
8. IF ALCOHOLIC BEVERAGES ARE SOLD, PLEASE LIST YOUR ALCOHOLIC BEVERAGE CONTROL LICENSE NO. AND TYPE:							

Continued on Reverse

STOCK PURCHASE AGREEMENT
(anaco)

THIS STOCK PURCHASE AGREEMENT (this "Agreement") made this 4th day of December, 2000 by and among RANSOM INDUSTRIES, LP, an Alabama limited partnership (hereinafter called "Seller"); and KBI INVESTMENT COMPANY I, a California limited liability company (hereinafter called "Buyer"); KINSBURSKY BROS. SUPPLY INC., a California corporation and the sole stockholder of Buyer (hereinafter called "Parent"); and **PRVY-Controlled/Privacy** **PRVY-Controlled/Privacy** individuals, stockholders of Parent (hereinafter collectively referred to as "Stockholders").

Recitals

WHEREAS, Seller presently owns all of the outstanding shares (the "Shares") of capital stock in anaco¹, a California corporation (the "Corporation"); and

WHEREAS, Seller has agreed to sell to Buyer, and Buyer has agreed to purchase from Seller, the Shares, subject to the terms and conditions hereof, include without limitation the release and indemnity provided by Buyer, Parent and Stockholders to Seller as provided herein.

Agreement

NOW THEREFORE, in consideration of the premises and the mutual covenants and promises hereinafter contained, the parties hereto do hereby agree as follows:

1. Sale of Shares.

(a) **Purchase Price.** For the consideration hereinafter described and subject to the terms and conditions contained in this Agreement, Seller hereby agrees to sell, assign, transfer and deliver to Buyer, and Buyer hereby agrees to purchase from Seller, free and clear of any and all liens and encumbrances, the Shares for a total purchase price of One Million One Hundred Eighty-Five Thousand Dollars (\$1,185,000), payable by wire transfer to Seller at Closing.

(b) **§338(h)(10) Election.** Buyer and Seller covenant and agree to make a joint election under §338(h)(10) of the Internal Revenue Code to treat the purchase of the Shares by Buyer as an asset purchase for tax purposes.

^{1/} Pre-closing, Seller will change name of the Corporation from "anaco" to another name acceptable to Buyer. The name, "anaco", will remain an asset of Seller.

(c) Retained Liabilities. Pursuant to that certain Asset Acquisition Agreement dated as of December 15, 1997, between Ransom Industries, Inc. (Seller's predecessor-in-interest) and the Corporation (the "1997 Agreement"), Seller assumed certain specific liabilities of the Corporation that arose prior to December 15, 1997, as described in Section 1.3 of the 1997 Agreement (collectively, the "Retained Liabilities"). Seller hereby acknowledges and agrees that it shall remain solely responsible for the satisfaction and discharge of the Retained Liabilities only; provided, however, Buyer acknowledges and agrees that the Retained Liabilities do not include any of the items set forth in Schedule 2(f) to this Agreement, which have remained potential liabilities of the Corporation and will continue as such after the consummation of the transactions provided for herein.

2. Seller Representations and Warranties. Seller represents and warrants to Buyer as follows:

(a) Organization, etc. Seller is duly organized, validly existing and in good standing under the laws of the State of Alabama.

(b) Authority, etc. Seller has full power and authority to execute and deliver this Agreement and to perform its obligations hereunder. This Agreement constitutes the valid and legally binding obligation of Seller, enforceable in accordance with its terms and conditions. Seller need not give any notice to, make any filing with, or obtain any authorization, consent or approval of any government or governmental agency in order to consummate the transactions provided for in this Agreement.

(c) No Violation. Neither the execution and delivery of this Agreement, nor the consummation of the transactions provided for herein, will violate any constitution, statute, regulation, rule, injunction, judgment, order, decree, ruling, charge or other restriction of any government, governmental agency or court to which Seller is subject or any provision of its organizational documents.

(d) Broker Fees. Seller has no liability or obligation to pay any fees or commissions to any broker, finder or agent with respect to the transactions provided for in this Agreement for which Buyer could become liable or obligated.

(e) Shares. The Shares are duly authorized, issued and outstanding, are fully paid and not subject to further call or payment. Seller further represents and warrants that it is the lawful owner of said Shares, that the same are free and clear of all liens, pledges or encumbrances of any nature, that Seller has the right and authority to sell the same as aforesaid, that the Shares represent all of the outstanding shares of capital stock of the Corporation, and that Seller will warrant and defend the same against the lawful claims and demands of all persons, firms or corporations.

(f) Litigation and Legal Matters. Except as set forth on Schedule 2 (f) attached hereto (the "OII Matter"), Seller has no actual knowledge of any claims, actions, demands, suits, proceedings or inquiries of, by or before any governmental authority pending against or affecting

the Corporation or the Shares that would have a material adverse effect on the Corporation or the Shares.

(g) Disclaimer of Representations and Warranties. Other than the representations and warranties expressly set forth in this Section 2, SELLER MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AT LAW OR IN EQUITY, WITH RESPECT TO THE CORPORATION, ANY OF ITS ASSETS (INCLUDING WITHOUT LIMITATION ANY REAL ESTATE OWNED BY THE CORPORATION AND THE ENVIRONMENTAL CONDITION THEREOF), LIABILITIES (WHETHER KNOWN OR UNKNOWN) OR OPERATIONS, INCLUDING WITHOUT LIMITATION WITH RESPECT TO MERCHANTABILITY, FITNESS FOR ANY PARTICULAR PURPOSE OR HABITABILITY, AND ANY SUCH OTHER REPRESENTATIONS OR WARRANTIES ARE HEREBY EXPRESSLY DISCLAIMED.

3. Buyer Representations and Warranties. Buyer, Parent and each of the Stockholders, jointly and severally, represent and warrant to Seller as follows:

(a) Organization, etc. Parent is a corporation duly organized, validly existing and in good standing under the laws of the State of California. Buyer is a limited liability company duly organized, validly existing and in good standing under the laws of the State of California.

(b) Authority, etc. Each of Buyer and Parent has full power and authority to execute and deliver this Agreement and to perform its obligations hereunder. This Agreement constitutes the valid and legally binding obligation of Buyer and Parent, enforceable in accordance with its terms and conditions. Neither Buyer nor Parent need give any notice to, make any filing with, or obtain any authorization, consent or approval of any government or governmental agency in order to consummate the transactions provided for in this Agreement.

(c) No Violation. Neither the execution and delivery of this Agreement, nor the consummation of the transactions provided for herein, will violate any constitution, statute, regulation, rule, injunction, judgment, order, decree, ruling, charge or other restriction of any government, governmental agency or court to which Buyer or Parent is subject or any provision of its organizational documents.

(d) Broker Fees. Buyer, Parent and Stockholders have no liability or obligation to pay any fees or commissions to any broker, finder or agent with respect to the transactions provided for in this Agreement for which Seller could become liable or obligated.

(e) Investment Intent. Buyer is purchasing the Shares for investment purposes only and with no view to effect a distribution of the Shares, and will not make any sale, transfer or other disposition of the Shares in violation of the Securities Act of 1933, as amended, or of the General Rules and Regulations promulgated under the Securities Act of 1933, or any similar state or local statutes, rules or regulations.

(f) Acknowledgment. Buyer, Parent and each of the Stockholders hereby expressly acknowledge and agree that, except to the extent specifically set forth in Section 2, Buyer is

purchasing the Shares (and the underlying assets and liabilities of the Corporation, including any real estate) on an "as-is" basis, and no other representation or warranty shall be implied at law or in equity. In addition, Buyer, Parent and each of the Stockholders expressly acknowledge that (i) heavy industrial operations (including without limitation foundry operations) have been conducted on the real estate owned by the Corporation (the "Property"), (ii) such operations may have included the use, storage, disposal or release of hazardous substances by the Corporation or others, and (iii) Seller is making no representation or warranty as to the environmental condition of the Property.

4. **Final Closing.**

(a) **Closing.** The purchase and sale of the Shares to be sold and purchased will take place at the offices of Seller in Birmingham, Alabama, on the date hereof, or such other place, date and time as shall be agreed upon in writing by the parties hereto (the "Closing Date").

(b) **Conditions to Buyer's Obligations.** The obligations of Buyer to consummate the transactions provided for herein are, at the option of Buyer, subject to the satisfaction of the following conditions at or before the Closing Date:

(i) the representations and warranties made by Seller in this Agreement shall be true and correct in all material respects at and as of the Closing Date, with the same force and effect as though such representations and warranties had been made on and as of such date;

(ii) Seller shall have delivered the applicable stock certificates, accompanied by stock powers duly executed in blank; and

(iii) Seller shall have executed and delivered the escrow agreement described in Section 5(b)(iii) hereof.

Notwithstanding any other provision of this Agreement, between the date of this Agreement and the Closing Date, which shall not be less than forty five (45) days, Seller will, at reasonable times during normal business hours:

(A) afford Buyer and its Representatives full and free (but at all times reasonable) access to Corporation's personnel, properties, contracts, books and records, and other documents and data relating to the operation of the foundry prior to August 26, 1996;

(B) furnish Buyer with copies of all such contracts, books and records, and other existing documents and data relating to the operation of the foundry prior to August 26, 1996 as Buyer may reasonably request; provided, however, that Buyer shall reimburse to Seller all reasonable expenses incurred in providing such copies; and

(C) furnish Buyer with such additional financial, operating, and other data and information relating to the operation of the foundry prior to August 26, 1996 as Buyer may reasonably request.

Buyer shall not, however, have the right to take physical soil or ground water samples from or at the Property. Buyer shall have the right to terminate this Agreement if the result of Buyer's due diligence investigation is unsatisfactory in Buyer's sole discretion, in which event Buyer shall deliver written notice of such termination to Seller on or before the forty fifth (45th) day of the due diligence period.

(c) Conditions to Seller's Obligations. The obligations of Seller to consummate the transactions provided for herein are, at the option of Seller, subject to the satisfaction of the following conditions at or before the Closing Date:

(i) the representations and warranties made by Buyer, Parent and Stockholders in this Agreement shall be true and correct in all material respects at and as of the Closing Date, with the same force and effect as though such representations and warranties had been made on and as of such date.

5. Release, Indemnification and Reimbursement Obligations.

(a) Survival of Representations and Warranties. All representations and warranties contained herein shall survive the execution of this Agreement and the sale of the Shares contemplated hereby for a period of six (6) months.

(b) Indemnification Provisions for Benefit of Buyer.

(i) Seller Indemnity. In the event that Seller breaches any of its representations or warranties contained herein, provided that Buyer makes a written claim for indemnification against Seller within the survival period set forth in subsection (a) above, then Seller agrees to indemnify, defend and hold Buyer harmless from and against any Adverse Consequences that Buyer shall suffer through and after the date of the claim for indemnification (but excluding any Adverse Consequences that Buyer shall suffer after the end of any applicable survival period) caused proximately by such breach.

(ii) OII Expenses. In addition, although Seller does not and will not assume any liabilities or obligations arising out of or related to the OII Matter or any other unknown liabilities of the Corporation (unless assumed pursuant to the 1997 Agreement), after the Closing and for a period of five (5) years thereafter, Seller shall manage and direct the defense of those matters set forth on Schedule 2(f) and shall reimburse and pay to the Corporation all costs and expenses (including any settlement amount) authorized by Seller that relate to the OII Matter (including attorney's and other third party expenses, but excluding any internal costs and expenses (i.e. costs incurred to oversee disposition of the OII Matter) and allocations of corporate overhead) (the "OII Expenses"), that the Corporation incurs and pays after the Closing; provided, however, upon execution by the Corporation of the Eighth Partial Consent Decree as a Cash-1 Defendant (which the Corporation shall execute upon request by Seller), in no event shall Seller be liable for any OII Expenses beyond the "maximum amount" set forth on Schedule 2(f), plus any other OII Expenses

incurred with respect thereto, and Seller's obligations under this Section 5(b)(ii) shall be discharged and satisfied in full.

(iii) Reimbursement Claims. The Corporation has filed or intends to file claims against its insurer and other potentially responsible parties seeking reimbursement for some or all of the OII Expenses (the "Reimbursement Claims"). To the extent of any OII Expenses reimbursed by Seller to the Corporation, the Corporation hereby assigns any such Reimbursement Claim, including the right to payment under any insurance policy owned by the Corporation, to Seller, and Seller shall be fully subrogated to the rights of the Corporation. Any proceeds (the "Proceeds") from Reimbursement Claims shall be paid to Seller to the extent that Seller has reimbursed any OII Expenses. If the Proceeds exceed the aggregate amount of OII Expenses paid by Seller (the "Excess"), Seller shall have no obligation to reimburse additional OII Expenses until the aggregate of such expenses incurred and paid by the Corporation exceeds the aggregate amount of the Excess.

Notwithstanding anything to the contrary contained herein, in no event shall Seller's aggregate liability (if any) under this Section 5 exceed the Purchase Price. For purposes of this Section 5, the term "Adverse Consequences" shall mean any and all actions, suits, proceedings, hearings, investigations, charges, complaints, claims, demands, injunctions, judgments, orders, decrees, rulings, damages, dues, penalties, fines, costs, liabilities, obligations, taxes, liens, losses, expenses and fees, including court costs and attorney fees and expenses.

(iii) Escrow. In connection with Seller's obligations under Section 5(b)(ii), Seller and Buyer shall enter into an escrow agreement in the form of Exhibit 5(b)(iii) attached hereto and made a part hereof.

(c) Indemnification Provisions for Benefit of Seller. In the event that Buyer, Parent or either of the Stockholders breaches any of their respective representations or warranties contained herein, provided that Seller makes a written claim for indemnification against Buyer within the survival period set forth in subsection (a) above, then Buyer, Parent and each of the Stockholders, jointly and severally, agrees to indemnify, defend and hold Seller harmless from and against any Adverse Consequences that Seller shall suffer through and after the date of the claim for indemnification (but excluding any Adverse Consequences that Seller shall suffer after the end of any applicable survival period) caused proximately by the breach.

(d) Release and Indemnity.

(i) Except as set forth in Section 1(c) or Section 5(b) hereof, Buyer, Parent and each of the Stockholders, on behalf of themselves, their representatives, successors, assigns, heirs, officers, directors, stockholders, parents, and affiliates, do hereby waive, release, and discharge any and all rights, claims, demands or liabilities, known or unknown, against Seller or its representatives, successors, assigns, officers, directors, partners, parents and affiliates (the "Seller Parties") that arise, directly or indirectly, from or in connection with or relate in any way to:

- (A) the Stock,
- (B) the Corporation,
- (C) the Property,
- (D) the Corporation's business,
- (E) the Seller's ownership of the Stock, including but not limited to all claims, liabilities, demands or rights arising, directly or indirectly, from or in connection with or related in any way to any environmental, health or safety matter,
- (F) the condition of the Property or any other real property owned by the Corporation at any time prior to the date hereof (including but not limited to the environmental condition thereof),
- (G) the generation, storage, use, release or disposal of any hazardous substance,
- (H) the Comprehensive Environmental Response, Compensation and Liability Act, as amended, the Resource Conservation and Recovery Act, as amended, the Occupational Safety and Health Act, as amended, the California Hazardous Substance Act, as amended, the California Environmental Responsibility Acceptance Act, as amended, or any other Environmental, Health, and Safety Requirement (as defined below),
- (I) the Seller's conduct as the owner of the Stock, and
- (J) any transaction between Seller and the Corporation.

(collectively, but not in limitation of the generality of the foregoing, the "Claims").

"Environmental, Health, and Safety Requirements" shall mean any and all past, present and future federal, state, local or foreign statutes, laws (including the common law), rules, regulations or ordinances concerning or relating to public health and safety, worker health and safety, pollution, or the environment, including without limitation all of those relating to the presence, use, production, generation, handling, transportation, treatment, storage, disposal, distribution, labeling, testing, processing, discharge, release, threatened release, control, remediation or cleanup of any hazardous materials, substances or waste.

(ii) It is the intention of Buyer, Parent and each of the Stockholders that the release set forth in subsection (d)(i) above shall be effective as a bar to each and every Claim released hereby. Each of Buyer, Parent and the Stockholders recognizes that, absent this Agreement, he or it may have some Claim against the Seller Parties of which Buyer, Parent or Stockholders, as the case may be, is totally unaware and unsuspecting, which he or it is

giving up by execution of this Agreement. It is the intention of Buyer, Parent and the Stockholders in executing this Agreement that it will deprive them of each such Claim and prevent each of them from asserting it against any of the Seller Parties. In furtherance of this intention, each of Buyer, Parent and the Stockholders expressly waives any rights or benefits conferred by the provisions of Section 1542 of the Civil Code of the State of California, which provides as follows:

"A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor."

(iii) Buyer, Parent and each of the Stockholders, jointly and severally, hereby unconditionally agree to indemnify, defend, and hold harmless Seller from and against any and all Adverse Consequences arising, directly or indirectly, from or in connection with or related in any way to the Claims.

(e) Indemnification Procedures.

(i) If any third party shall notify any party to this Agreement (the "Indemnified Party") with respect to any matter (a "Third Party Claim") that may give rise to a claim for indemnification against any other party hereto (the "Indemnifying Party") under this Section 5, then the Indemnified Party shall promptly notify the Indemnifying Party thereof in writing.

(ii) Any Indemnifying Party will have the right at any time to assume and thereafter conduct the defense of the Third Party Claim with counsel of its choice reasonably satisfactory to the Indemnified Party; provided, however, that the Indemnifying Party will not, and shall not have any authority to consent to the entry of any judgment or enter into any settlement with respect to the Third Party Claim without the prior written consent of the Indemnified Party, unless (A) the judgment or proposed settlement involves only the payment of money damages, (B) the judgment or proposed settlement does not impose an injunction or other equitable relief upon the Indemnified Party, and (C) the Indemnifying Party has sufficient assets to satisfy any such judgment or proposed settlement.

(iii) Unless and until an Indemnifying Party assumes the defense of a Third Party Claim as provided in subsection (ii) above, however, the Indemnified Party may defend against the Third Party Claim in any manner it reasonably may deem appropriate.

(f) Exclusive Remedy. Buyer, Parent, Stockholders and Seller agree that the foregoing indemnification and reimbursement provisions contained in this Section 5 shall be the sole and exclusive remedy of Buyer, Parent, Stockholders and Seller with respect to the Corporation and the transactions provided for herein.

6. Expenses. Each of Buyer, Parent, Stockholders and Seller will bear its own costs and expenses (including legal fees and expenses) incurred in connection with this Agreement and the transactions provided for herein.

7. Notices. All notices, consents, waivers, and other communications under this Agreement must be in writing and will be deemed to have been duly given when (a) delivered by hand (with written confirmation of receipt), (b) sent by telecopier (with written confirmation of receipt), provided that a copy is mailed by registered mail, return receipt requested, or (c) when received by the addressee, if sent by a nationally recognized overnight delivery service (receipt requested), in each case to the appropriate addresses and telecopier numbers set forth below (or to such other addresses and telecopier numbers as a party may designate by notice to the other parties):

Seller: Ransom Industries, LP
1927 First Avenue North
Birmingham, Alabama 35203
Attn: President
Facsimile No.: (205) 322-8220

copy to: Maynard, Cooper & Gale, P.C.
1901 Sixth Avenue North
2400 AmSouth/Harbert Plaza
Birmingham, Alabama 35203
Attn: Mark L. Drew, Esq.
Facsimile No.: (205) 254-1999

Buyer: KBI Investment Company I
1314 N. Lemon Street
Anaheim, California 92801
Attn: Steven Kinsbursky
Facsimile No.: (714) 441-0857

Parent: Kinsbursky Bros. Supply, Inc.
1314 N. Lemon Street
Anaheim, California 92801
Attn: Steven Kinsbursky
Facsimile No.: (714) 441-0857

Stockholders: **PRVY-Controlled/Privacy**
Kinsbursky Brothers, Inc.
1314 N. Lemon Street
Anaheim, California 92801
Facsimile No.: (714) 441-0857

PRVY-Controlled/Privacy
Kinsbursky Bros. Supply, Inc.
1315 N. Lemon Street
Anaheim, California 92801
Facsimile No.: (714) 441-0857

PRVY-Controlled/Privacy

Kinsbursky Bros. Supply, Inc.
1314 N. Lemon Street
Anaheim, California 92801
Facsimile No.: (714) 441-0857

PRVY-Controlled/Privacy

Kinsbursky Brothers, Inc.
1315 N. Lemon Street
Anaheim, California 92801
Facsimile No.: (714) 441-0857

copy to: Radcliff Frandsen & Dongell LLP
777 South Figueroa Street, Suite 4000
Los Angeles, California 90017-5800
Attention: Richard A. Dongell, Esq.
Facsimile No: (213) 489-9263

8. **Jurisdiction; Service of Process.** Any action or proceeding seeking to enforce any provision of, or based on any right arising out of, this Agreement may be brought against any of the parties in the courts of the State of Alabama, County of Jefferson, or, if it has or can acquire jurisdiction, in the United States District Court for the Northern District of Alabama, and each of the parties consents to the jurisdiction of such courts (and of the appropriate appellate courts) in any such action or proceeding and waives any objection to venue laid therein. Process in any action or proceeding referred to in the preceding sentence may be served on any party anywhere in the world.

9. **Further Assurances.** The parties agree (a) to furnish upon request to each other such further information, (b) to execute and deliver to each other such other documents, and (c) to do such other acts and things, all as the other party may reasonably request for the purpose of carrying out the intent of this Agreement and the documents referred to in this Agreement.

10. **Waiver.** The rights and remedies of the parties to this Agreement are cumulative and not alternative. Neither the failure nor any delay by any party in exercising any right, power, or privilege under this Agreement or the documents referred to in this Agreement will operate as a waiver of such right, power, or privilege, and no single or partial exercise of any such right, power, or privilege will preclude any other or further exercise of such right, power, or privilege or the exercise of any other right, power, or privilege. To the maximum extent permitted by applicable law, (a) no claim or right arising out of this Agreement or the documents referred to in this Agreement can be discharged by one party, in whole or in part, by a waiver or renunciation of the claim or right unless in writing signed by the other party; (b) no waiver that may be given by a party will be applicable except in the specific instance for which it is given; and (c) no notice to or demand on one party will be deemed to be a waiver of any obligation of such party or of the right of the party giving such notice or demand to take further action without notice or demand as provided in this Agreement or the documents referred to in this Agreement.

11. **Entire Agreement and Modification.** This Agreement supersedes all prior agreements between the parties with respect to its subject matter and constitutes (along with the documents referred to in this Agreement) a complete and exclusive statement of the terms of the agreement between the parties with respect to its subject matter. This Agreement may not be amended except by a written agreement executed by the party to be charged with the amendment.

12. **Assignments, Successors and No Third-Party Rights.** Neither party may assign any of its rights under this Agreement without the prior consent of the other parties. Subject to the preceding sentence, this Agreement will apply to, be binding in all respects upon, and inure to the benefit of the successors and permitted assigns of the parties. Nothing expressed or referred to in this Agreement will be construed to give any person other than the parties to this Agreement any legal or equitable right, remedy, or claim under or with respect to this Agreement or any provision of this Agreement. This Agreement and all of its provisions and conditions are for the sole and exclusive benefit of the parties to this Agreement and their successors and assigns.

13. **Governing Law.** This Agreement shall be construed under and enforced in accordance with the laws of the State of Alabama, without regard to conflicts of laws principles.

14. **Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which shall be considered one and the same instrument.

15. **Headings.** The headings of the Sections in this Agreement are for ease of reference only and shall not affect the interpretation or construction of this Agreement.

16. **Severability.** A judicial or administration declaration in any jurisdiction on the invalidity of any one or more of the provisions hereof shall not invalidate the remaining provisions of this Agreement in that jurisdiction. Further, such declaration shall not have any effect upon the validity or interpretation of this Agreement outside of that jurisdiction unless the removal of the invalid or unenforceable provision would substantially defeat the basic intent, purpose or spirit of this Agreement.


17. **Covenant by Buyer.** Currently, the Corporation leases a portion of its real estate (the "Property") to Dennis Rock ("Tenant") pursuant to a month-to-month lease (the "Lease") that provides for a monthly rental of \$800. Buyer covenants and agrees that it will assume the Lease as of the Closing Date and allow Tenant to continue his occupancy of the Property in accordance with the terms thereof, and if Buyer elects to terminate the Lease, it shall provide Tenant not less than sixty (60) days advance written notice thereof.

IN WITNESS WHEREOF, the parties have executed this agreement as of this 4th day of December, 2000.

"Seller"

RANSOM INDUSTRIES, LP,
an Alabama limited partnership

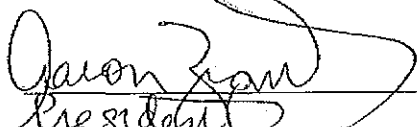
By: Ransom Holdings, Inc., its general partner

By: 
Its: President

"Buyer"

KBI INVESTMENT COMPANY I, a California
limited liability company

By: Kinsbursky Bros. Supply, Inc., its sole member

By: 
Its: President

"Parent"

KINSBURSKY BROS. SUPPLY, INC.

By: 
Its: President

"Stockholders"

PRVY-Controlled/Privacy



Schedule 2(f)

(Outstanding Legal Matters)

Description	Maximum Amount
<p>The United States of America (on behalf of the U.S. E.P.A.) and the State of California (on behalf of the California Department of Toxic Substances, the California Hazardous Substance Account and the California Toxic Substances Control Account) have identified and made claims against anaco, among numerous other parties, as potentially responsible parties ("PRPs") under the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. §§ 9601 <i>et seq.</i> ("CERCLA"), California Civil Code § 3494, and California Health and Safety Code §§ 205 and 206. The U.S. and the State seek to compel the PRPs to perform certain response actions and to recover certain response costs that have been and will be incurred by the U.S. and by the State in response to alleged releases and threatened releases of hazardous substances from the Operating Industries, Inc. ("OII") site. The site has been the subject of prior environmental investigations and prior settlements, which have been memorialized in partial consent decrees.</p> <p>The parties are currently engaged in the negotiation of an Eighth Partial Consent Decree. Because of the limited volumes of waste sent to the site by anaco, it has been identified as a <i>de minimus</i> Cash Defendant and will resolve its obligations under the Decree by a cash payment. The Decree will establish two (2) categories of Cash Defendants, with a different covenant not to sue provided to each category by the U.S. and the State. anaco shall elect and make payment, subject to the maximum payment amount identified herein, to receive the Tier 1 Covenants as described more fully by the Decree.</p>	<p align="center">\$285,828</p>

Exhibit 5(b)(iii)

(Escrow Agreement)

See Attached

ESCROW AGREEMENT

This Escrow Agreement (the "Agreement") is entered into as of [____], 200[0] by and among **National Bank of Commerce of Birmingham**, a national banking association (the "Escrow Trustee"), **KBI Investment Company I**, a California limited liability company ("Buyer"), and **Ransom Industries, LP**, an Alabama limited partnership ("Seller"). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in that certain Stock Purchase Agreement between Buyer and Seller dated December 4, 2000 (the "Purchase Agreement").

Recitals

A. Buyer and Seller are parties to the Purchase Agreement providing for the acquisition of all of the outstanding capital stock of anaco, a California corporation and wholly-owned subsidiary of Seller (the "Company"), by Buyer.

B. Pursuant to the terms of the Purchase Agreement, Three Hundred Thousand Dollars (\$300,000) is deposited (the "Escrow Deposit") by Buyer with the Escrow Trustee and will be held pursuant to the terms of this Agreement in order to fund certain payments that may come due under Section 5(b)(ii) of the Purchase Agreement.

Agreement

NOW, THEREFORE, for good and valuable consideration the parties hereto agree as follows:

1. Receipt of Escrow Deposit. The Escrow Trustee hereby acknowledges receipt of the Escrow Deposit on even date herewith.

2. Investment of Escrow Deposit. The Escrow Trustee shall invest the Escrow Deposit in accordance with the mutual written directions of the Buyer and Seller or, if such instructions are not provided, in United States Treasury Bills having a remaining maturity of 90 days or less and repurchase obligations secured by such United States Treasury Bills, with any remainder being deposited and maintained in a interest bearing demand account with the Escrow Trustee, until disbursement of the entire Escrow Deposit. Earnings on the Escrow Deposit will be added to the Escrow Deposit and shall become a part thereof. Income and expenses of the Escrow Deposit will be taxed and reported in accordance with applicable income tax laws. The Escrow Trustee will pay from the Escrow Deposit any tax liability payable by the Escrow Trustee relative to the Escrow Deposit.

3. Distribution of Escrow Deposit. The Escrow Trustee shall distribute funds held in the Escrow Deposit as follows, absent a different written direction of Buyer and Seller, in which case distribution shall be made in accordance with that direction:

(a) Buyer shall deliver to the Escrow Trustee a notice ("Payment Notice") setting forth a claim to which the Company is entitled under Section 5(b)(ii) of the Purchase Agreement, and provide evidence to the Escrow Trustee of the receipt by Seller of the Payment Notice. The Escrow Trustee, within 30 days thereafter, shall deliver to the Company the amount specified in the Payment Notice, unless Seller gives the Escrow Trustee and Buyer notice ("Notice of Dispute") in writing that it disputes the propriety of payment of the claim by the Escrow Trustee. If Seller disputes the payment of only part of the claim, the Escrow Trustee will pay as directed the undisputed part of the claim.

(b) The Escrow Trustee will pay from the Escrow Deposit all amounts paid by the Company to third persons authorized by Seller that relate to the OII Matter (including attorney's and other third party expenses, but excluding any internal costs and expenses (*i.e.* costs incurred to oversee disposition of the OII Matter) and allocations of corporate overhead) that the Company incurs and pays after the Closing; provided, however, Buyer acknowledges and agrees that although Seller does not and will not assume any liabilities or obligations arising out of or related to the OII Matter, Seller shall manage and direct the defense of such matter after the Closing.

(c) Upon the earlier of (i) October 31, 2005 or (ii) the complete and final disposition of the OII Matter (the "Termination Date"), the Escrow Trustee shall distribute to Seller the remaining funds of the Escrow Deposit.

4. Resolution of Disputed Claims. If Seller disputes the propriety of the payment of a claim, Buyer and Seller will employ reasonable efforts to jointly select a single arbitrator to determine whether the claim should be paid and in what amount. The jointly-selected arbitrator will determine the procedures to be used to arbitrate the claim. If a single arbitrator is selected, the arbitrator's compensation and any related expenses will be paid out of the Escrow Deposit, unless the arbitrator determines that one party has failed to act in good faith with respect to the disputed claim, in which case the arbitrator shall assess all costs against such party, including the other party's costs of prosecuting or opposing the claim. If Seller and Buyer do not jointly select a single arbitrator within 30 days after the date of the Notice of Dispute, the dispute will be resolved by arbitration in accordance with Section 12 of this Agreement.

5. Resignation and Removal of Escrow Trustee. The Escrow Trustee may resign at any time or be removed by the mutual consent of Buyer and Seller upon notice given at least 30 days prior to the effective date of such resignation or removal; provided, however, that no resignation or removal of the Escrow Trustee and no appointment of a successor Escrow Trustee shall be effective until the acceptance of appointment by a successor Escrow Trustee in the manner herein provided. In the event of the resignation or removal of the Escrow Trustee, and the failure of Buyer and Seller

to agree upon a successor Escrow Trustee within 30 days after the receipt of notice of such resignation or removal, Buyer shall have the right to appoint a successor Escrow Trustee which shall be a commercial bank or trust company having a combined capital and surplus of at least \$10,000,000. Any successor Escrow Trustee, whether appointed by the mutual agreement of Buyer and Seller or otherwise, shall execute and deliver to the predecessor Escrow Trustee an instrument accepting such appointment, and thereupon such successor Escrow Trustee shall, without further act, become vested with all the estates, properties, rights, powers and duties of the predecessor Escrow Trustee as if originally named herein.

6. Reliance by Escrow Trustee; Expenses. The Escrow Trustee may rely upon any instrument, not only as to its due execution, validity and effectiveness, but also as to the truth and accuracy of any information contained therein, with which the Escrow Trustee shall in good faith believe to be genuine, to have been signed or presented by the person or parties purporting to sign the same and to conform to the provisions of this Agreement. The Escrow Trustee may consult legal counsel selected by it in the event of any dispute or question of the construction of any of the provisions hereof or of the Purchase Agreement or of its duties hereunder, and shall incur no liability and shall be fully protected in acting in accordance with the opinion or instruction of such counsel. The fees and expenses of the Escrow Trustee charged and incurred in performing its obligations hereunder shall be paid out of the Escrow Deposit. Escrow Trustee shall be entitled to annual compensation for its services in the amount of \$[] plus [] percent ([]%) of the gross income generated on the Escrow Deposit, payable on each anniversary of the date of this Agreement and upon termination. Escrow Trustee's compensation shall be prorated through the date of termination of this Agreement. The fee agreed upon for its services rendered hereunder is intended as full compensation for Escrow Trustee services as contemplated by this Agreement; provided, however, that in the event that the conditions for the disbursement of funds under this Agreement are not fulfilled, or Escrow Trustee renders any material service not contemplated in this Agreement, or there is any assignment of interest in the subject matter of this Agreement, or any material modification hereof, or if any material controversy arises hereunder, or Escrow Trustee is made a party to any litigation pertaining to this Agreement, or the subject matter hereof, then Escrow Trustee shall be reasonably compensated for such extraordinary services and reimbursed for all costs and expenses, including reasonable attorney's fees, occasioned by any delay, controversy, litigation or event, and the same shall be recoverable out of the Escrow Deposit.

7. Notices. All notices, consents, waivers or other communications which are required or permitted hereunder shall be sufficient if given in writing and delivered personally or by registered or certified mail, return receipt requested, postage prepaid, as follows (or to such other addressee or address as shall be set forth in a notice given in the same manner):

If to Buyer, as set forth the Purchase Agreement.

If to Seller, as set forth in the Purchase Agreement.

If to the Escrow Trustee (including any Payment Notice):

National Bank of Commerce of Birmingham
1927 First Avenue North
Birmingham, Alabama 35203
Telecopy: (205) 583-3275
Attn: _____

with copies to Buyer and Seller (at their respective addresses set forth in the Purchase Agreement or in this Agreement.)

8. Governing Law. This Agreement shall be governed by and interpreted under the laws of the State of Alabama.

9. Assignment; Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors and assigns.

10. Counterparts. This Agreement may be executed in counterparts, each of which will be deemed an original and all of which together shall constitute one and the same instrument.

11. Entire Agreement. This Agreement sets forth the entire understanding of the parties hereto with respect to the subject matter hereof and cannot be changed, modified or terminated except by written amendment executed by all parties hereto, except for the removal of the Escrow Trustee and appointment of a successor therefor which may be accomplished as provided in Paragraph 5.

12. Arbitration. The parties acknowledge and agree that the transactions contemplated herein substantially affect and impact interstate commerce. Therefore, all disputes or differences between the parties arising under or which are related to this Agreement upon which an amicable understanding cannot be reached within thirty (30) days shall be settled by arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association, except as hereinafter provided, and judgment upon the award entered by the arbitrators may be entered in any Court having jurisdiction thereof. The Court of Arbitrators shall consist of three neutral arbitrators, other than the parties or anyone of their affiliates[, who must be familiar with the pipe manufacturing business]. The parties agree that this Court of Arbitrators, if implemented under this Agreement, shall be held at a site selected by the Arbitrators. The parties agree to arbitrate within thirty (30) days following the transmittal of written demand of either party to arbitrate any dispute arbitrable under this Agreement. Each of Buyer and Seller shall appoint an arbitrator within thirty (30) days following notice of written demand to arbitrate, notifying the other party of the name and address of such arbitrator. If either

party shall fail to appoint an Arbitrator as herein provided, or should the two arbitrators so named fail to select the third arbitrator within thirty (30) days of their appointment, then, in either event, the President of the American Arbitration Association or its successor shall appoint such second and/or third arbitrator. The three arbitrators so selected shall constitute the Court of Arbitrators. A decision of a majority of the Court of Arbitrators shall be final and binding and there shall be no appeal therefrom. The Court of Arbitrators shall not be bound by legal rules of procedure and may receive evidence in such a way as to do justice between the parties. The Court of Arbitrators shall promptly enter an award which shall do justice between the parties and the award shall be supported by a written opinion. Except to the extent that the Court of Arbitrators decides otherwise, based on the equities of the situation, the fees of the third arbitrator and the direct costs of the arbitration shall be shared equally by the parties; all other costs of the respective parties, including without limitation the fees of the party's selected arbitrator and fees and expenses of the respective party's attorneys, shall not be paid out of the Escrow Deposit but shall be paid by the respective parties, except to the extent that the Court of Arbitrators otherwise directs based on the equities of the situation.

IN WITNESS WHEREOF, this Escrow Agreement has been executed as of the day and year first above written.

"Buyer"

KBI INVESTMENT COMPANY I, a California
limited liability company

~~By: Kinsbursky Bros. Supply, Inc., its sole member~~ (23)

By: Gaion Zom

Its: President

"Seller"

RANSOM INDUSTRIES, LP,
an Alabama limited partnership

By: Ransom Holdings, Inc., its general partner

By: _____

Its: _____

"Escrow Trustee"

NATIONAL BANK OF COMMERCE OF
BIRMINGHAM, a national banking association

By: _____

Its: _____

Name	Personal: Sex 1	Hire Date	Termination Date	Employment Status	Job	ADDRESS	Street 2	City	State	Zip Code	Home Phone Number
MERAZ, EOLIVIA	Female	1/20/1976	PRVY-Controlled/Privacy		Clamper Operator A/B	PRVY-Controlled/Privacy					
GALVAN, ALFREDO	Male	3/10/1979			Material Handler/Forklift						
TAFOLLA, JOSE	Male	7/19/1979			Supervisor						
RAMOS, DAMARIA	Female	8/4/1980			Clamper Operator A/B						
MUNN, CLAY	Male	4/2/1981			Facilities Engineer Supervisor						
ROJAS, JOSEFINA	Female	4/8/1981			Gasket Operator A/B						
GALLARDO, MARIA J.	Female	4/27/1981			Assembler A/B						
ARROYO, JORGE	Male	5/14/1981			Leadperson A&B						
REYES, RAMIRO M.	Male	10/5/1981			Thread Roller A						
AGUIRRE, ZENAIDA	Female	8/27/1982			Gasket Operator A/B						
VALLEJO, GABRIEL	Male	10/31/1983			Utility Maintenance						
MENA, GLODIS O.	Female	11/28/1984			Assembler A/B						
MATA, YOLANDA	Female	11/30/1984			Clamper Operator A/B						
VALLEJO, ROSALIA	Female	12/5/1984			Assembler A/B						
CABRERA, MARIA	Female	1/15/1985			Clamper Operator A/B						
REYES, MARGARITA	Female	3/8/1985			Assembler A/B						
ESQUIVEL, RAFAEL	Male	3/14/1985			Forklift Driver						
MENA, OSCAR	Male	10/24/1985			Punch Press Operator						
AYALA, ALMA R.	Female	2/6/1986			Assembler A/B						
ESQUIVEL, SILVINA	Female	1/5/1987			Leadperson A&B						
CESENA RAMIREZ, GILBERTO	Male	7/1/1988			Material Handler A/B						
KENNEY, WILLIAM	Male	7/5/1988			General Manager						
ACOSTA, SILVERIO	Male	11/28/1988			Leadperson A&B						
CRESPO, MARIA	Female	3/29/1989			Assembler A/B						
ACEVEDO, BEATRICE	Female	1/2/1990			Accounts Receivable						
SOSA, RAYMOND	Male	11/1/1990			Die A						
AVILA, MARIA	Female	3/10/1992			Assembler A/B						
SOLORIZANO, GEORGINA	Female	3/3/1993			Assembler A/B						
CARRASCO, EDUVIJES	Female	5/18/1993			Assembler A/B						
ALVAREZ, ELISA	Female	7/26/1993			Clamper Operator A/B						
MARTINEZ, TERESA S.	Female	8/16/1993			Assembler A/B						
ELASSAL, TONY S.	Male	9/7/1993			CNC Operator-Tool						
LERMA, GREGORIA	Female	7/5/1994			Assembler A/B						
CESENA, MANUELA	Female	11/8/1995			Leadperson A&B						
HERRERA, JOSE M.	Male	9/18/1996			Thread Roller A						
KELCH, MERCEDES	Female	1/2/1997			Accounting Supervisor						
LOPEZ E, ISAAC	Male	11/3/1997			Janitor						
CERVANTES, OMAR	Male	1/15/1998			Leadperson A&B						
MARTINEZ, FLORA	Female	2/23/1998			Assembler A/B						
SIMON, DONALD	Male	3/3/1998			Maintenance A						
MANZO, GETHA	Female	5/18/1998			HR Assistant						
GOMEZ, MARIA	Female	6/29/1998			Assembler A/B						
ORANTES, ROSALINA	Female	9/21/1998			Assembler A/B						
RANGEL, ROSA	Female	10/12/1998			Clamper Operator A/B						
PLAZA, EVIGAY	Female	10/26/1998			Assembler A/B						
ARTEAGA-MUNOZ, FLORINDA	Female	9/18/2000			Clamper Operator A/B						
GOMEZ, ESPERANZA G.	Female	5/23/2001			Clamper Operator A/B						
AYALA, ANA M.	Female	11/13/2002			Assembler A/B						
MARTINEZ, MARIA P.	Female	1/22/2003			Clamper Operator A/B						
RIVAS, CORNELIO S.	Male	7/30/2004			Screw Loader						